

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2013

HEARINGS

BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND
DRUG ADMINISTRATION, AND RELATED AGENCIES

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PART 8

SECRETARY OF AGRICULTURE



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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RE- LATED AGENCIES APPROPRIATIONS FOR 2013

FRIDAY, FEBRUARY 17, 2012.

UNITED STATES DEPARTMENT OF AGRICULTURE

WITNESSES

THOMAS VILSACK, SECRETARY, DEPARTMENT OF AGRICULTURE

KATHLEEN MERRIGAN, DEPUTY SECRETARY, DEPARTMENT OF AGRICULTURE

JOSEPH GLAUBER, CHIEF ECONOMIST, DEPARTMENT OF AGRICULTURE

MICHAEL YOUNG, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

INTRODUCTION OF WITNESSES

Mr. KINGSTON. The committee will come to order.

First of all, I want to welcome back all of the committee members. This will be the first of 11 hearings under the President's fiscal year '13 budget. We look forward to each hearing. We always have good hearings, and certainly today's guest is a great person to get it started with and a great panel to get it started with.

Last year, after completing the action on H.R. 1, the continuing resolution, we quickly shifted into fiscal year '12, the Agriculture Appropriations bill. We had a good subcommittee markup, and on the floor we spent 25 hours and had 62 amendments, but we moved it rather quickly.

And, unfortunately, our Senate counterparts moved at a slower calendar than we did, but we were ready to go in June. And I believe that that will be the chairman's intent this year on all the appropriation bills, and we are looking forward to working through that process.

Welcome, Secretary Tom Vilsack, Deputy Secretary Kathleen Merrigan, Chief Economist Joe Glauber, and Mike Young, the USDA's budget director, to our first hearings. And I guess, Mr. Young, this will be your first of many, is that correct?

Mr. YOUNG. Yes.

Mr. KINGSTON. We will invite the Secretary back in case he is feeling he needs a little more love or something. We can make that happen, Mr. Secretary.

The USDA's portion of the request for this subcommittee totals just over \$18 billion, which is a net increase when compared to fiscal year '12, but there is balance in it. And, unfortunately, of the

approximately \$140 billion budget, \$122 billion of it is mandatory spending, and that is something our committee does not have jurisdiction over, something that we hope the Budget Committee and the authorizing committees will do something about.

You request about \$932 million in increases but also request \$470 million in decreases. So we think that you do have some balance to it. We are not in complete agreement with all of this, of course, but that is not unusual either.

We are concerned, though, on the mandatory side there is a \$5 billion increase. So regardless of what we do in this committee, if we scale back and trim and have a lot of hand wringing as we did last year, we are still going to go to the floor with a net increase.

So, with that, we will have to hope that some of the other committees step up and do their part as we all try to wrestle with this budget and the big picture.

Before I recognize you, Mr. Secretary, for an opening statement, I wanted to call on Mr. Farr, the distinguished gentleman from California, our ranking member.

Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman; and thank you, Mr. Secretary, for being here and for Deputy Secretary Dr. Merrigan, also. I want to thank her for her leadership in Europe in getting the accords signed, and I really appreciate that.

I think that it is nothing better than to start an appropriations hearing schedule this year by honoring the Department of Agriculture, because this year we are honoring 150 years of service to this country. Many people don't know that this Department was created in 1862 by President Lincoln and essentially creating USDA as the Department to support the growth of America and the westward expansion and to teach people how to get into rural America and how to use and survive in the wilderness. And I think it is very fitting that we have incredible appreciation for the work done.

For a century and a half USDA has been helping rural Americans, and the mission today is just as important as it was then. Rural America is suffering. I think the Secretary one time indicated that it has been in a depression. And to recapture we are going to have a rural strategy in America that is modern and progressive.

We are also going to have to make sure that, as we have this incredible ability to process all kinds of fresh fruits and vegetables and get fruits and vegetables and other products from all over the world, that all of this is safe and that we—not only nutritious but safe for people to eat.

So I look forward to these hearings. It is always tough when you come in with a budget that isn't going to spend a lot of money. Congress likes to fix things that are broken, and usually if you do that it costs money. I think we appreciate the leadership the Secretary has given in looking at reorganization and looking at efficiencies within a big Department. I applaud him for that, those efforts.

As we do these hearings, we will get into the minutiae, and maybe some of you will agree with it, some of you won't. But I think you are headed in the right direction, and I appreciate that.

I just want to thank you, Mr. Chairman. Last year was a very bipartisan effort when we put together the final bill and actually bicameral. We worked well with the Senate, and I look forward to doing the same this year. Thank you for your leadership.

Mr. KINGSTON. Well, thank you. And I think all the committee members should take a lot of pride in that our appropriation bill was not only one of the first ones passed in the House but one of the first ones to go to the President. So we did work well, and it was on a bipartisan basis.

We are also joined today by the distinguished gentleman from Kentucky, Mr. Hal Rogers, Chairman of the Appropriations Committee.

Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman; and let me add my congratulations to you and your colleagues and partner on your bill last year, Mr. Farr, for doing a great job. That was a tough, tough atmosphere to be in, and you delivered it, and I appreciate very much the good work that you all did.

Mr. Secretary, thank you for being here, along with your associates. This bill is dear to the hearts of most of us and certainly my heart and the heart of my district.

As you know, the ag appropriations bill contains several programs that are aimed at rural Kentuckians, obviously; and I know from traveling around southern and eastern Kentucky that rural America is struggling.

And yet, as I interact with my constituents, I don't get the sense they want more government, more handouts, or more Federal mandates. They want jobs, and they want investment, and they want Washington to simply get out of the way of creating those jobs. They want Washington to get out of the way. And, unfortunately, our country's rising \$16 trillion debt, including a record \$5 trillion under this administration, is contributing to insecurity and uncertainty in the marketplace; and that is costing us jobs.

Add to that a regulatory mess created by this administration. It is no wonder small businesses, the lifeblood and job creators in rural areas, are petrified and they are frozen in place.

This committee has been on the front lines in the battle against out-of-control Washington spending, stopping the regulatory onslaught. We work to ensure that the programs we fund are effective and sustainable and that they support rural Americans and farm families.

Last year, we succeeded in reducing discretionary spending by \$95 billion compared to the fiscal '10 levels. But mandatory spending costs, which are the largest driver of our debt and are largely not under the purview of this committee, continue to skyrocket and put the future solvency of many programs in jeopardy. Some of these programs are run by USDA; and although that spending is on automatic pilot, it is our duty to this Nation to see that these programs do not escape tough scrutiny and oversight.

This committee has also fought the steady stream of regulations, mandates, and fees that have been forced upon our farmers, our small businesses, and rural communities by this administration.

While the goals of some regulations may be well intentioned, they seem to be implemented without regard to the burden they

are placing on rural communities and small towns. Our communities are instead expected to march in lockstep, spending precious resources to meet Washington's ivory tower ideals. That has got to stop.

These regulations have the combined effect of dampening economic prospects and preventing businesses from hiring, while also raising the ire of many Americans who feel that Washington is out of touch and is not looking out for them. These past 3 years we have seen a disturbing trend, Mr. Secretary, and I hope we can correct that. This morning, we look forward to hearing from both you and the administration's plans for the '13 budget as well as how we can work to combat this overregulation in rural communities.

Thank you, Mr. Chairman.

Mr. KINGSTON. Thank you, Mr. Rogers.

We have also been joined by the distinguished Ranking Member, Mr. Norman Dicks of Washington.

Mr. Dicks, do you have an opening statement?

Mr. DICKS. I have a very brief statement.

Thank you, Mr. Secretary. We appreciate your good work, you and your staff. I am glad you are having the hearing today, and we are beginning the fiscal year 2013 budget process. The agriculture bill moved relatively smoothly through the House and the Senate last year, and I am hopeful it can do so again this year.

Secretary Vilsack, good to see you again; and thank you for being here today to address the subcommittee's questions about the budget request. As far as the budget that is before us, I think the administration has submitted a balanced and responsible proposal, and particularly I am pleased to see the commitment to fully fund the WIC program.

The increase for competitive research is also welcome, and I appreciate the effort that was made to maintain the investment in many programs in the rural development mission area. And I can tell you those rural development programs, even in areas of Washington State, everybody thinks it is all Seattle and Tacoma, but these rural areas really benefit from these programs.

The funding for water and waste programs is critical to many smaller rural communities, many of which face a great hurdle in trying to maintain aging infrastructure, which I think is one of the most serious problems facing our country, that we have this incredible backlog. When Christine Todd Whitman was the head of EPA, she did a study and it was like \$688 billion in wastewater treatment. Now some of that is taken care of by EPA, but the rural development program helps rural areas with these kinds of programs.

I know we won't agree on every detail, no one ever does, but I hope we can find sufficient common ground to move this bill forward as quickly as possible.

And I would want to bring up one item.

Secretary Vilsack—and I don't expect you to respond to this—during last year's markup of this bill there was a lot of discussion about the cost of administering the WIC program. The House report for fiscal year '12 said: By the committee's estimation, administration costs of operating WIC are well above 40 percent.

You sent us a letter in response to that report language, and you confirmed what we all knew, and that is the correct figure was 9

percent, not 40 percent. I would ask unanimous consent to include the Secretary's letter to the committee to make sure that everyone has the accurate facts. I think this added a lot of confusion. The program is very well administered, and 9 percent seems reasonable to me.

Thank you, Mr. Chairman.

Mr. KINGSTON. Thank you, Mr. Dicks.

We will now proceed—but, Mr. Secretary, before I yield to you, I wanted to say to the members——

Mr. DICKS. Do I get unanimous consent to put it in the record.

Mr. KINGSTON. Yes.

[The information follows:]



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

JUL 14 2012

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
H-307, The Capitol
Washington, D.C. 20515-6015

Dear Mr. Chairman:

Thank you for your work on behalf of the Department of Agriculture's (USDA) appropriations for fiscal year (FY) 2012. I appreciate the difficult decisions and choices that were before you and the Committee.

As identified in the Statement of Administration Policy, the Administration has serious concerns with H.R. 2112; however, I wanted to weigh in specifically on what I perceive as misstatements regarding administrative costs for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). I understand that, during full committee debate and on page 43 of the committee report, selected data from a 2008 Brookings Institute report were referenced, giving the impression that administrative costs in the WIC Program are over 40 percent of Federal expenditures for the program. The true figure is much lower.

Beyond simply providing assistance in the form of supplemental food benefits, WIC provides low-income mothers, infants, and children with other legislatively mandated non-monetary program benefits, including nutrition education, breastfeeding support, and other client services such as healthcare referrals and immunization screening, which improve birth outcomes and reduce the incidence of health problems for WIC participants. The Brookings Institute report collapses these important additional benefits under the category of administrative costs. However, these legislatively mandated program benefits provided to participants should not be classified as administrative costs.

For reference, I asked USDA's Food and Nutrition Service to provide me with a breakdown of the Federal cost of food benefits, non-monetary program benefits and administrative expenses for FY 2010. I am sharing this information with you to correct the record and so that you can share it with your colleagues.

The Honorable Harold Rogers

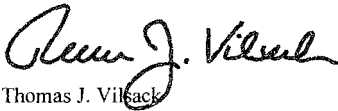
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Category	Obligations	Percentage of Obligations
Supplemental Food Benefits	\$4,561,570,027	70.44%
Nutrition Services and Admin. (NSA):		
Additional Benefits:		
Nutrition Education	\$418,437,331	6.46%
Breastfeeding Support	\$149,133,594	2.30%
Other Client Services	\$758,015,711	11.70%
Program Management	\$588,984,767	9.09%
Total Nutrition Services & Admin. (NSA)	\$1,914,571,403	29.56%
Total Food and NSA	\$6,476,141,430	100.00%

I consider the category of program management, which is 9.09 percent of total Federal obligations, to be the true measure of administrative costs needed to deliver the complete suite of benefits to WIC participants. This percentage has remained consistent over the past 5 years.

It is my hope this will clear up any misunderstanding regarding administrative costs in WIC, and I look forward to working with you in the future. A similar letter is being sent to Congressmen Jack Kingston, Sam Farr, and Norman Dicks.

Sincerely,



Thomas J. Vilback
Secretary

Mr. KINGSTON. What we will do is keep with the 5-minute rule, and we are going to have some votes, and so we will just do the best we can. But we will stick with the 5-minute rule. And if anyone in the room has a cell phone on, if you could please turn it off or silence it.

Mr. Secretary.

OPENING STATEMENT

Secretary VILSACK. Mr. Chairman and Representative Farr and members of the committee, thank you very much for the opportunity to appear today and specifically thank you for changing the schedule of this hearing to allow me to participate in an historic symposium with Chinese Agriculture Minister Han, as well as Vice President Xi.

Yesterday, we were proud to see the signing and approval of a soybean contract for China that will generate more than \$4 billion of soybean sales. So we appreciate the committee's assistance in allowing me to participate in that symposium.

Mr. Chairman, I think the time for all involved in the appropriations process as it relates to the USDA budget has to reflect a bit on what we have already done in terms of trying to get our budget under control and allow us the time to properly manage what changes have already been announced, to properly implement changes that we anticipate will take place over the course of the next year or two, and to continue to allow us to help provide assistance to farmers as a result of the record income they generated last year, and also to allow us to continue to reduce the unemployment rate in rural America.

According to the Bureau of Labor Statistics, that rate was declining at a more rapid rate than anyplace else in the country. In essence, we want to continue to build the economy that President Obama has talked about, which is one that is built to last.

I think it is important as we start this hearing to review briefly what we have done at USDA in terms of our discretionary budget and the operations budget for USDA.

We have taken steps to reduce travel, supply purchases, conferences, as well as take a look at our workforce. We have lost roughly 7,100 of our more experienced workers as a result of normal attrition and an early retirement and early separation program with incentives that we announced.

We have also engaged in a rather extensive process to internally review our operations, resulting in 379 recommendations for change and commitment to steps we have already taken.

We have also announced, as you well know, 259 office closings and lab closings as part of a consolidation effort.

In addition to the reductions that we have seen in our operating budget, we have also made an effort on the mandatory side. As you well know, we have seen a reduced growth in the rate of our conservation programs at USDA, as well as a \$4 billion savings for crop insurance as a result of a renegotiated standard reinsurance agreement.

So we see 2012 and 2013 as years in which we will continue to implement these changes but not compromise our capacity to help grow the economy in rural America.

The discretionary budget that we propose is essentially a stable budget. Two significant increases which have already been mentioned, one is that we fully fund the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children—WIC program—at a participation rate of 9.1 million, as well as an increase in competitive grants for research, which we think are extraordinarily important to allow us to continue to increase agricultural productivity and the benefits that come from that.

In addition, the mandatory budget, as the Chair indicated, does provide for an increase. But the primary reason for that increase, Mr. Chairman, is an increase in crop insurance payments, and that is a result of the 2008 Farm Bill, which requires us to essentially count twice various underwriting gains in this year. So it is somewhat of an aberration as a result of a shift in timing.

As a result of this budget, if you take a look at the percentage of the budget that is attributed to farm programs and conservation, it represents 22 percent of the total budget. That is up from 19 percent last year.

For our food assistance programs, we see a reduction of 75 percent to 72 percent of the overall budget, primarily a result of a projection of a declining number of people participating in Supplemental Nutrition Assistance Program—SNAP—due to an improved economy.

This budget will allow us to avoid furloughs and significant layoffs, which would be very disruptive to the services that are important to folks in rural America.

It is also a budget that continues our commitment to exports. We had a record year in exports last year.

It is a budget that allows us to continue the expansion of domestic markets, whether it is in biofuel and biobased economy or in local and regional food systems.

It is a budget that will allow us to provide credit to 29,000 farmers who are in need of ownership or operation loans, an opportunity for us to continue a strong commitment to the safety net through crop insurance and the funding of disaster programs.

This budget will allow us to have a record number of acres enrolled in conservation, continue our commitment to food safety, and also our commitment to struggling families through the nutrition assistance programs.

The Forest Service portion of this budget will allow us to promote fire suppression at a 10-year expense average and continue our integrated resource effort and a collaborative landscape effort as we work towards 3 billion board feet of timber that will be processed.

We are excited about the opportunity in our rural development programs to assist up to 45,000 additional jobs in rural America.

We think this budget will allow for 184,000 home loans, 1,700 community facilities, and allow us to build on the over 5,000 wastewater and water treatment programs that we have already funded the last 3 years.

It will also provide assistance to our electric power companies, particularly a little flexibility in terms of allowing them to become more efficient and to embrace more renewable energy sources.

Finally, this budget, as I said earlier, does make a commitment to research, which is extraordinarily important; and we hope that

during the course of the questioning we have an opportunity to amplify on that.

There are trade-offs, there are programs that are eliminated and reduced, but I am sure the questions will elicit a discussion of those items.

So, Mr. Chairman, once again, thank you very much for the opportunity to appear before you today; and I look forward to the questions of the committee.

Mr. KINGSTON. Thank you, Mr. Secretary.

[The information follows:]

**Statement by
Thomas Vilsack
Secretary of Agriculture
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations, U.S. House of Representatives
February 17, 2012**

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2013 Budget. I am joined today by Deputy Secretary Kathleen Merrigan, Joseph Glauber, USDA's Chief Economist, and Michael Young, USDA's Budget Officer.

When I made my first appearance before this Subcommittee, our country and the Department of Agriculture faced historic challenges. The economy had deteriorated significantly. It was a crisis that cost the United States more than eight million jobs and plunged the economy and the world into a crisis from which we are still fighting to recover. Three years later, thanks to the President's bold actions, the economy is growing again and creating millions of jobs in the private sector. Over the past 22 months, the Nation's businesses have created 3.2 million jobs. Last year, we added the most private sector jobs since 2005.

I am proud to say that America's farmers, ranchers, and producers have helped fuel the beginnings of the recovery. The establishment of the Department 150 years ago underscored the importance of agriculture and rural America to the country. What was true then remains true today - agriculture and rural America matter. Agriculture plays a fundamental role in our economy - responsible for 1 in 12 jobs. That's not surprising, because at the time the Department was created, the Morrill Act established the partnership between USDA and the land

grant universities. Because of this partnership, these institutions have graduated 20 million people, people who went on to jobs that built our economy. So, when American producers earn record income, as they did last year, everyone benefits through the creation of more jobs and higher wages, whether in food processing, packaging, or farm equipment manufacturing, the reduction of our dependence on foreign oil supplies, or the increased availability of more nutritious food.

On February 10, 2012, I announced another record-breaking calendar year for farm exports. Total agricultural exports for calendar year 2011 were a robust \$136.3 billion. We saw a rise in both the value and volume of U.S. agricultural exports worldwide in 2011, as international sales rose \$20.5 billion over the previous record set in calendar year 2010. Agricultural exports have supported the creation of over a million jobs. USDA has expanded markets for American goods abroad by working aggressively to break down barriers to trade and provide U.S. businesses with the resources needed to reach consumers around the world. Last year, we exported an all-time high of \$5.4 billion worth of beef and beef products, surpassing the previous record by more than \$1.6 billion. The volume of shipments also surpassed the 2003 levels, the last year before a detection of bovine spongiform encephalopathy (BSE) disrupted U.S. trade. The return to pre-2003 levels marks an important milestone in USDA's steadfast efforts to open and expand international markets. The ratification of the trade agreements with South Korea, Colombia and Panama will increase U.S. farm exports by an additional \$2.3 billion—supporting nearly 20,000 American jobs—by eliminating tariffs, removing barriers to trade and leveling the playing field for U.S. producers.

Agriculture has also led the development of our bio-based economy, where what we grow and raise is used to make fuel, chemicals and polymers to complement our traditional production

of food, feed, and fiber. Resilient, hard-working rural residents provide a model for creating economically thriving communities, which underscores why the unemployment rate is dropping more quickly in rural America than anywhere else in the country.

At USDA we have been working to fulfill President Obama's vision for a nation where everyone gets a fair shot and an economy that makes, creates and innovates. We have been working to implement the President's vision by laying a foundation for sustainable economic growth and job creation. USDA is at the forefront of developing the technology and tools necessary to transform rural America so that it can create and take advantage of new economic opportunities.

We have generated rural wealth with our conservation and rural development programs. These programs help create green jobs, improve recreation and tourism, and facilitate the production of renewable energy. We have maintained a strong agriculture safety net through a system of income support, disaster mitigation, and a record number of farm loans.

The Department has programs to help people in need by ensuring that they have access to a plentiful supply of safe and nutritious food. This is fundamental to the healthy development of every child in America and to the well-being and productivity of every family. In recent years, the Supplemental Nutrition Assistance Program (SNAP) has helped millions of families meet basic nutritional needs. The Program currently serves as a bridge to recovery for over 46 million Americans who are at risk of being hungry when they face challenging economic times. More than half of those who rely on the Program are children, elderly or the disabled, and many participants are newly unemployed who may have never thought they would need this assistance.

While SNAP has increased steadily since its last low point in 2000, and sharply during the recent economic downturn, the rate of increase has been declining since January 2010. And

now, we estimate that rising employment and household income will reduce participation in SNAP in 2013, even as the program serves a larger share of those eligible. This is how the program is designed to work; participation rises during difficult economic times and falls in better times. Even under this period of rapid growth in participation, this Administration has achieved historically high accuracy rates in SNAP, saving the taxpayer billions of dollars. We will continue to make improvements that protect program integrity, even as Federal and State budgets for oversight of the Program are declining.

We have accomplished a critical step on the road to deliver healthier, more nutritious food to our Nation's schoolchildren and to help them develop healthy eating habits for life. On January 26, 2012, we published the final rule that refines and improves the standards for meals available to over 50 million school children across the country every day. The new rule implements provisions of the Healthy, Hunger-Free Kids Act of 2010 that are simpler and less burdensome than the ones they replace. The rule substantially increase offerings of fruits, vegetables, and whole grains; reduce saturated fat, trans fats and sodium; and set sensible calorie limits based on the age of children being served. Our understanding of the nutritional quality of food is built upon USDA science. We have seen the connection between what our kids eat and how well they perform in school. And we know that America's success in the 21st century is dependent on having the best-prepared and best-educated workforce in the world. So it is critical that that all children have the basic nutrition they need to learn, to grow, and to pursue their dreams.

These are just a few of the ways that USDA is helping to create jobs and work towards an economy built to last. But it's going to take more to keep moving forward, and that's the goal of President Obama.

I share the President's vision for investing in activities that promote economic growth, while reducing our deficits over the long-term. We need to cut what we can't afford in order to pay for what really matters, but in a way that does not hamper growth or prevent us from helping businesses and American families that need assistance. At USDA we recognized, like families and businesses across the country, that we could not continue to operate as we did in the past and that we must innovate, modernize, and be better stewards of the taxpayers' dollars.

Over the past decade, USDA has seen an increase in program complexity and demand for services while staffing has decreased. Therefore, for fiscal year 2012, I led a Department-wide review of operations to make USDA work better and more efficiently for the American people. Agency leaders took a hard look at all their operations, both in headquarters and field offices. The result was our Blueprint for Stronger Service. The plan identifies administrative efficiencies, office closures and targeted staffing reductions, to help us deal with reductions in funding. This plan will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers.

Under the Blueprint for Stronger Service, USDA is reducing expenditures for certain IT products, supplies, travel, printing, and other services. The Blueprint also calls upon USDA to strengthen its administrative services. Under this initiative, the Department identified 379 recommendations for improving USDA's office support and operations, which includes ways to streamline the provision of administrative services, such as civil rights, information technology, finance, human resources, homeland security, procurement, and property management. Twenty seven initial improvements have been identified for first-phase implementation of this project that will realize efficiencies through improved administrative services, such as leveraging

USDA's size through strategic and volume purchases as is demonstrated by the consolidation of over 700 cell phone plans down to approximately 10.

To realize further efficiencies, USDA has proposed closure of 259 domestic offices, facilities and labs across the country, as well as 7 foreign offices while ensuring that the vital services they provide are not diminished. In some cases, the offices being closed are no longer staffed or are staffed by one or two people; many are within 20 miles of other USDA offices. In other cases, technology improvements, advanced service centers, and broadband service have reduced the need for brick and mortar facilities.

Last year, many agencies put hiring controls in place, followed by voluntary early retirement programs and targeted separation incentive programs. We have offered these programs on a broader basis in fiscal year 2012. Over the last 15 months, nearly 7,000 people have elected to take advantage of regular and early retirement opportunities. These departures have provided agencies the flexibility to eliminate or restructure positions to be more relevant to customer needs. Many of the vacated positions will not be refilled, and many of those refilled will be at lower grades than before. We opted to manage change rather than implement reductions-in-force or furloughs, which would have disrupted services that matter to the public.

When fully implemented, these immediate actions along with other recommended changes will generate efficiencies valued at about \$150 million annually. Further improvements are expected based on the realignment of the workforce. Most important, these actions will ensure that USDA continues to provide an optimal level of service to the American people within available funding levels. Ultimately, the Blueprint for Stronger Service will allow us to

manage change in a way that allows us to provide a high level of services despite reduced operating budgets.

I have made it a priority to transform USDA into a high-performing and diverse organization. Under our Cultural Transformation initiative, we are focusing on improving several aspects of employee culture, including leadership accountability, employee development, talent management, labor relations, customer focus, and diversity of the workforce. By strengthening management operations and engaging employees, USDA will also improve customer service; increase employment satisfaction; and implement strategies to enhance leadership, performance, diversity, and inclusion.

This in-depth evaluation and improvement of our operations provided a firm foundation for us to develop the fiscal year (FY) 2013 budget. For 2013, the budget we are proposing reflects the difficult choices we are making to control spending, while maintaining investments that are critical to long-term economic growth and job creation.

In total, the 2013 budget we are proposing before this Subcommittee is \$141 billion, an increase of \$6.9 billion above the 2012 estimate. Of the increase, \$6.4 billion is for mandatory programs, due primarily to a one-time shift in the timing of certain crop insurance costs mandated by the 2008 Farm Bill. The budget also increases funding for the nutrition assistance programs to fully fund estimated participation levels. As we continue to create jobs and grow the economy, fewer families will need nutrition assistance.

For discretionary programs, our budget proposes \$19.3 billion, approximately \$478 million above the 2012 level. The majority of the increase is for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and agricultural research. The

discretionary funding request reflects the Department's continued efforts to innovate, modernize, and be better stewards of the taxpayers' dollars. Discretionary spending is partially offset through about \$1 billion of proposed limits on selected mandatory programs and other adjustments. For 2013, further administrative efficiencies, realignment of staff, and other actions are proposed to reduce costs. In addition, the budget proposes to reduce or terminate selected programs and reallocate resources to fund targeted investments in priority programs and infrastructure to provide a foundation for sustainable economic growth.

This budget provides the resources we need to effectively deliver the level of service our customers and your constituents expect from USDA -- whether it is applying for a farm operating loan, enrolling more acres into conservation programs, supporting business creation, seeking nutrition assistance, or any of the multitude of services provided by our dedicated workforce. Any further reduction in funding for our back office operations would significantly impair our ability to deliver critical services and would imperil our efforts to manage an increasingly complex workload with less money and fewer workers.

Reducing the deficit is a critical part of the President's economic plan. The long-term stability of the economy depends on whether we have the will to act now. Farmers and ranchers know the importance of a healthy economy, which raises incomes and increases demand for their products. Therefore, the 2013 budget reflects the President's Plan for Economic Growth and Deficit Reduction. The President's plan reduces the deficit by \$32 billion over ten years by eliminating direct farm payments, decreasing crop insurance subsidies, and better targeting conservation funding to high priority areas.

As Congress initiates its deliberations on the reauthorization of the Farm Bill, we must remember that American agriculture has achieved its success today because of the policies and the investments that have been made over many decades. We are here because we've maintained a strong safety net so there is adequate financial help when times are tough and disaster strikes. We have supported research that has led to a significant increase in agricultural productivity and promoted vibrant markets. We are also here because policies in the Farm Bill for research, renewable energy, and broadband are providing rural America the tools to take advantage of new economic opportunities. Statutory authority for all disaster programs expired on September 30, 2011; accordingly, USDA cannot provide assistance through these programs to producers for losses due to natural disasters occurring after that date. As the Farm Bill is drafted, I encourage Congress to provide USDA the tools and the flexibility needed to address the challenges faced by American producers.

Our 2013 budget protects the farm safety net, while achieving the President's goal for deficit reduction. Income support programs, including 2012 direct payments, 2013 counter-cyclical payments, and Average Crop Revenue Election (ACRE) payments, are expected to total about \$4.9 billion and outlays under the Federal crop insurance program are projected to reach \$9.3 billion. Despite a strong farm economy, demand for USDA farm loans remains strong due, in part, to tighter private credit standards including higher down-payment requirements. The 2013 budget provides nearly \$4.8 billion for loans to meet the expected demand for financing. The requested loan levels will serve nearly 30,000 farmers.

In order to better serve producers with faster and simpler service, the budget continues to fund IT modernization activities of our Farm Service Agency (FSA). This investment will improve the agency's ability to deliver increasingly complex farm program benefits, securely,

reliably, and rapidly. Since 2003, staffing levels at FSA have declined over 30 percent, making investments in IT infrastructure even more important.

One of USDA's most important objectives is to protect our abundant natural resources. Over the last three years, we enrolled a record number of acres of private working lands in conservation programs. These programs help to preserve the soil, improve water quality, and promote wildlife diversity and add hundreds of millions of dollars to local economies in rural areas. For 2013, the budget provides approximately \$6.2 billion to support approximately 358 million acres in Farm Bill conservation programs.

For the Natural Resources Conservation Service (NRCS), the 2013 budget proposes \$828 million for conservation operations. NRCS will continue efforts to leverage technical assistance funds through agreements with its traditional partners, such as conservation districts, as well as with non-profit organizations and state and local agencies. This approach of voluntary conservation works. That is why we are embracing locally-driven conservation programs and entering partnerships that focus on large landscape-scale conservation programs, such as the Chesapeake Bay, the Bay-Delta region in California, the Mississippi River Basin, Gulf Coast, and the Great Lakes.

Our budget for 2013 contributes significantly to the economic growth goals of the White House Rural Council by continuing to fund programs that promote renewable energy, job training, infrastructure investment, access to capital, and green jobs throughout rural America. Approximately \$6.1 billion in direct loans will be made available to support the transformation from fossil fuels to cleaner technologies. Allowing financing for environmental upgrades will support the continued development of a national clean energy strategy. Almost \$1 billion in

loans will be used to support rural business and entrepreneurs, which will put more people back to work. USDA's efforts, including a regional approach to wealth and job creation, is one reason why the unemployment rate is dropping more quickly in rural America than anywhere else in the country. We are giving renewed opportunity to the nearly 50 million people who live in those areas who don't necessarily farm.

Cutting edge research remains key to the United States retaining its competitive edge and global leadership in agricultural productivity - estimated to need to increase 70 to 100 percent by 2050 to meet growing global demands for food. The correlation between research and improved productivity could not be clearer. As a result of research at USDA, our land grant universities, and the private sector, American agriculture ranks second in productivity gains of all segments of the US economy since 1980. Over the past 60 years, yields per acre of major crops – corn, soy, wheat, and cotton – have doubled, tripled, and in some cases even quadrupled. At the same time, livestock production and specialty crop production have become far more efficient. These incredible productivity gains were achieved through a sustained investment in research. We will continue to support a robust research program that will ensure sustainable agricultural production, economic growth for growers and greater choice for consumers. The 2013 budget proposes funding of \$325 million for the Agriculture and Food Research Initiative (AFRI), an increase of \$60.5 million, and \$1.1 billion for our Agricultural Research Service (ARS). We will continue to focus additional research dollars in key areas, such as biofuel feedstocks, livestock and crop production and protection, and enhancing American agriculture's ability to meet growing global demand sustainably.

Because we are still in a recovering economy, USDA recognizes the need to support those in need by ensuring access to safe and nutritious food, which is essential to the healthy

development of every American child and to the well-being and productivity of every American family. The budget fully funds the expected requirements for the Department's three major nutrition assistance programs – WIC, the National School Lunch Program, and SNAP.

The Department has had great success in promoting healthy eating habits and active lifestyles. Too many adults and children have poor diets and gain excessive weight contributing to poor health and increased medical costs. The Centers for Disease Control and Prevention data show that the prevalence of obesity among children tripled from 1970 to 2008 and it doubled among adults. However, data for 2009-2010 show the obesity rate for both children and adults has stopped increasing. Policies aimed at increasing access to more nutritious diets, promoting eating habits consistent with the Dietary Guidelines and encouraging healthy lifestyles are partly responsible for this change.

One of the key challenges for providing healthier school meals is to modernize cafeteria equipment appropriately so schools can prepare attractive, wholesome meals with more whole grain, fruit and vegetables and less fat and saturated fat. Helping schools to upgrade the nutritional quality of meals served is essential. So an important part of the budget request is \$35 million to continue competitive grants to help schools purchase equipment to serve healthier meals as well as to expand the breakfast program. These grants will help about 10,000 schools across America.

The budget not only supports domestic food assistance, but also provides \$1.4 billion to support programs that further the Administration's global food security objectives, including those supporting preschool and school feeding programs carried out under the McGovern-Dole International Food for Education and Child Nutrition Program. In fiscal year 2013, the

McGovern-Dole program is expected to benefit more than 4 million women and children.

Through the U.S. government's leadership in global food security, we advance global stability and prosperity by improving the most basic of human conditions — the need that families and individuals have for a reliable source of quality food and sufficient resources to purchase it.

The Obama Administration and USDA are committed to partnering with rural communities to increase their economic competitive by helping them provide residents access to quality health care services, modern library facilities and school buildings, and reliable emergency equipment and services. Financing totaling \$2 billion, an increase of approximately \$700 million, will provide assistance to over 1,700 rural communities. Investing in rural communities is essential for growth and job creation.

Helping rural residents obtain safe and affordable housing is also a key to maintaining stable communities and creating jobs. The 2013 President's budget requests a significant level of funding for housing programs. USDA continues to request that single family housing assistance be provided primarily through loan guarantees. The 2013 budget includes funding to support \$24 billion for guaranteed loans. USDA's single family housing direct loan program is funded at \$653 million, and will be targeted to teachers in rural areas, and very-low income recipients of mutual and self help grants. These funds will create job opportunities and make the dream of home ownership a reality for over 184,000 families in rural America.

Since the founding of President's Obama's Food Safety Working Group in 2009, USDA has collaborated extensively with other Federal partners to safeguard the food supply, prevent foodborne illnesses and improve consumers' knowledge about the food they eat. USDA is working to strengthen Federal efforts and develop strategies that emphasize a three dimensional

approach to prevent foodborne illness: prioritizing prevention; strengthening surveillance and enforcement; and improving response and recovery. Between 2000 and 2010, USDA reached a national goal of reducing *E. coli* rates by 50 percent, largely because of strengthened beef safety policy and enforcement. In 2011, stricter *Salmonella* and *Campylobacter* performance standards were implemented to reduce these pathogens in turkeys and young chickens, which are expected to prevent as many as 25,000 foodborne illnesses annually.

Despite this success, we can and must do a better job of ensuring the safety of meat and poultry products regulated by USDA, but we need to do it more efficiently and effectively. The Food Safety and Inspection Service (FSIS) recently published a proposed regulation that will prevent thousands of food-borne illnesses, streamline poultry inspections, and reduce spending by approximately \$90 million over the first three years of implementation. We will revise current procedures and remove outdated regulatory requirements that do not help combat foodborne illness. The new procedures will use taxpayer dollars more effectively and efficiently; even with these program efficiencies, the budget includes approximately \$1 billion for FSIS.

The economic vitality and quality of life in rural America and the U.S. economy at large depends on a competitive, efficient, and productive agricultural system. In an era of market consolidation and intense competition, producers rely on fair and open access to markets and control over their decisions to thrive. Producers also rely on animal and plant resources being protected against the introduction of foreign agricultural pests and diseases. For 2013, the budget includes over \$880 million in discretionary funding to improve agricultural market competitiveness and production for the overall benefit of consumers and producers.

We have taken a close look at the budget for the Animal and Plant Health Inspection Service and have proposed a number of program reductions and implemented identified program efficiencies to ensure that scarce resources are being used efficiently. The budget achieves savings through a variety of means. It includes decreases for activities where eradication campaigns have been successful, such as boll weevil, and for pests and diseases where management is currently more prudent than eradication, such as emerald ash borer. Savings are also possible in animal disease testing while still meeting international standards. Further, the budget achieves other savings by acknowledging the role of the producer and other cooperators to directly reduce certain pests and diseases, such as John's disease. The budget also proposes modest increases to improve overall animal disease traceability and to provide protections against animal diseases that could impact human health. At the requested budget level, we estimate we will prevent and mitigate about \$1.18 billion in damages as a result of selected plant and animal health monitoring and surveillance efforts.

USDA's central Departmental Management provides human resource, procurement, information technology, and financial management oversight and services to agencies. Departmental staff offices provide legal and economic support, communications coordination, and program appeal hearings for the Department's program activities. These activities are vital to USDA's success in creating opportunities for America's farmers, ranchers, and rural communities. The 2012 appropriations act made deep cuts in funding for these offices. Under these reduced funding levels, we took prudent actions to maintain critical functions needed to support the agencies' effective delivery of program operations. But further reductions in these areas cannot be sustained without deterioration in service. For 2013, the budget proposes funding to ensure that these offices maintain the staffing levels needed to provide leadership,

oversight, and coordination. These efforts are critical to making the Department an efficient and effective organization.

Since coming to USDA, I have made it a priority to resolve all of the civil rights cases facing the Department which the Administration inherited. During this time, we have resolved large-scale class action lawsuits involving allegations of past discrimination by Black and Native American farmers and ranchers and provided an additional path to justice for women and Hispanic farmers and ranchers who allege discrimination. We have corrected past errors, learned from mistakes, and charted a stronger path for the future where all USDA employees treat all Americans with dignity and respect. The 2013 budget builds upon our progress by increasing funding for selected key priorities that will improve USDA's handling of civil rights matters and will address claims of potential discrimination in the delivery of programs.

In conclusion, the President is deeply committed to reducing the deficit so that the economy can continue to grow over the longer term. This is a responsible, balanced budget that continues to meet key priorities and is consistent with the President's commitment. We will continue to achieve significant progress in administering more complex programs with fewer staff and resources by adopting reforms that will improve our programs and service to our customers.

At this time, I will be glad to answer questions you may have on our budget proposals.

ADMINISTRATIVE SOLUTIONS PROJECT

Mr. KINGSTON. Of the 379 recommendations for change, you have listed some of them, but what I would like to know is how do those translate into dollars and what are some of the changes? Have they affected administrative functions? Has it been a problem for anybody?

But I guess, more importantly, give us some examples and then what kinds of dollars have they saved.

Secretary VILSACK. We anticipate that the first round of changes that we have announced, combined with the consolidation of offices, will net about a \$60 million savings. Now, that is on an annual basis. That is in addition to the \$90 million that we have saved as a result of reducing expenses in travel and supplies, et cetera. That includes just 27 recommendations for change of the roughly 240-some recommendations of proposed change. The 379 number includes 133 recommendations that basically maintains status quo.

I will give you a couple of examples of things that we have done and that we are proposing to do.

In the first 27 set of recommendations, we are taking a look at our vehicle maintenance and vehicle turnover. What we determined was that USDA was turning over its vehicles approximately every 2 years. I have asked the question of every USDA group that I have talked to how frequently they change their own personal vehicle over. I have had one individual raise their hand to tell me it is every 2 years.

Why are we doing something that American families are not doing? So we are going to extend significantly the time period for turnover. We think that will save resources.

We also found during this process that we had roughly 700 cell phone contracts. We have reduced that to about 10; and, as a result, we obviously have greater leverage in terms of the contracting for those cell phones.

There are a whole series of things that we are proposing to do, but we want to make sure that we do these in the right order. We want to make sure that we have the employees of USDA fully engaged and fully cooperative in these efforts.

You will likely see, for example, in the future, that we will look towards a unified process for fingerprinting. You may think, well, what is the big deal there. Well, the reality is that sometimes some of our agencies use the Federal Bureau of Investigation—FBI—to process fingerprinting. That is \$35 a person. We found that if we use the Office of Personnel Management it is \$18 a person. So we are obviously going to transition to the lower-cost effort.

We are going to strengthen the foreign visitor processing and vetting to streamline that. We are taking a look at the Information Technology—IT—help desk to provide more assistance in terms of technology. So, over the course of time, you are going to see us over this next year incorporate many of these changes.

It allows us to respond to the \$3 billion reduction in our operating budget that we have already experienced, and our hope is that it provides an opportunity for us to fit within the budget that this committee ultimately decides is appropriate for our operations.

Mr. KINGSTON. Secretary Merrigan, are you the one in charge of implementing these?

Ms. MERRIGAN. No.

Secretary VILSACK. If I can—I am in charge.

And the reason—we are a partnership, and the reason I say that is I think it is important. This is a very important point, that in order for this to work, people have to understand that people at the top of the work chart are engaged in this.

Mr. KINGSTON. I think what we on the Subcommittee want to do is help you and embrace this. And I actually had the opportunity in a Defense Appropriation Committee on Walter Reed reorganization to bring up some of the good work that you are doing.

But, at the same time, I want to be sure that we can track it, that, okay, these are the things that are being done; these are the things that will be done and these are the savings that are being realized; these are the savings that are being anticipated. So that we just want to help you, and sometimes we will help push with you. And I think we could be invaluable in that effort.

Secretary VILSACK. We have a process that involves taking a look at how to finance these changes and where the savings will be realized, and also the statutory authorities or delegation of authorities has to be straight in terms of who does what.

We are going to see a consolidation of some activities in centers of excellence. We are going to see shared service agreements between our various departments. So it is a little bit more complicated than most people would recognize.

Mr. KINGSTON. Yes.

Secretary VILSACK. So we appreciate your offer of assistance. We will make sure that the committee is fully aware of what we are doing and why we are doing it and what we think it would save.

OFFICE CLOSINGS

Mr. KINGSTON. And, also, on the field office closings, we need to get the big number of what that will save. Because I know what is going to happen and you know what is going to happen, is everyone is going to give reasons why it can't be closed in their district—that one particular office times 435.

So we want to work with you on that, but it would be good for us to get the number.

I know I am out of time, though.

Secretary VILSACK. In that respect, Mr. Chairman, we will supply you with our estimate in terms of cost savings that we have already done relative to the proposed consolidations and closings that we have announced.

[The information follows:]

U.S. Department of Agriculture
 Blueprint for Stronger Service
 Estimated Annual Savings of Office Closures
 (Dollars in Millions)

<u>Agency</u>	<u>Number of Offices</u>	<u>Office Closures</u>
Agricultural Research Service.....	10	-\$38.6
Animal and Plant Health Inspection Service.....	20	-4.2
Farm Service Agency.....	131	-6.5
Food and Nutrition Service.....	31	-0.8
Food Safety and Inspection Service.....	5	-1.1
Foreign Agricultural Service.....	2	-0.6
Natural Resources Conservation Service.....	24	-8.0
Rural Development.....	43	-0.7
Total USDA.....	266	-60.5

Mr. KINGSTON. Thank you.
Mr. Farr.

CHANGING BUREAUCRACIES

Mr. FARR. Well, thank you, Mr. Chairman.

I echo the chairman's feelings about the ability for you to do these—sort of bureaucratic clean the house. I think all of us arriving in Washington are shocked about how big all of government is. And I know from your background as the Governor of a State and the mayor of a small town, they give an appreciation for trying to run things efficiently.

It is very hard to change bureaucracies in this town, and I think this tough fiscal situation we are in is going to require every agency—and we see what the pushback we are getting from the Department of Defense is, you know, not wanting to accept the tough cuts.

But I think it comes from really looking at everything you do. I mean, just small things like cell phone contracts, 700 of them, that is outrageous. I want to applaud you on being able to get the support of a huge agency to do these cutbacks, because, obviously, it affects somebody's workplace and lifestyle.

And I also share that concern that we are going to get pounded the minute you announce which office is going to be closed or consolidated. We have all been through base closure processes, and we know how difficult it is to accept those recommendations.

I also think we are going to have to really defend the fact that there are increases. There is poverty in America, and the jobless increase in people without jobs has put a lot of people on need of getting assistance. Your Department is the biggest feeder in the world of people of low income or no income. As you said, 72 percent of your whole Department goes to food assistance. So I think we have to realize how drastic this poverty and unemployment problem is on our social services.

And we will defend the ability for people, particularly pregnant women, to get access to WIC programs and for people who need food to get on food stamps but also pushing the States like California, my State, which I think has a lot of bureaucratic problems that cost a lot of money that could be simplified with leadership from you as a Secretary.

So I look forward to working with you. This is a good give-and-take dialogue we are going to have in the next couple of months, and thank you very much.

Secretary VILSACK. Mr. Chairman, if I could respond to the ranking member's comments, and I hope that this is not taken in the wrong way.

As a small town mayor and as a former State senator and Governor of a State that has many, many small towns, there is obviously a concern when anyone is proposing an office closing or consolidation, because people perceive those tax-supported institutions and entities as reflective of their community.

And I think what we really need to be able to do is to work with those small communities and have them recognize that their real long-term future is in attracting private-sector opportunities. It isn't necessarily maintaining at all costs a tax-supported entity. It really is about growing the economy that, in turn, will support

those tax-supported institutions, whether it is a hospital, a school, or a post office.

I think it is important for us to focus on recognizing these small communities are part of an economic region and giving us the flexibility within our programs to be able to tailor it—because what is going on in California may be fundamentally different than what is going on in Georgia or in Iowa—and giving us the capacity to be flexible enough to use these programs creatively, to leverage them, and to work to create great partnerships so that the private-sector activity is motivated and supported.

Mr. KINGSTON. Mr. Rogers.

MANDATORY ENTITLEMENT SPENDING

Mr. ROGERS. Mr. Secretary, it is absolutely amazing to me, of your request for next year, \$140.3 billion, 85 percent of that is mandatory spending, automatic pilot, of which you have no control, nor do we. Eighty-five percent of your budget is mandatory spending. Only 15 percent of your budget request is appropriated monies.

That points out the larger problem. Of all Federal spending for everything, more than two-thirds of it is on automatic pilot, mandatory entitlement spending, more than two-thirds, 68 percent to be exact, which leaves only 32 percent that the Congress appropriates. More than half of that is for defense, which can't be cut much, if at all, which leaves us with about—what—12, 13 percent of non-defense discretionary spending. That is all we appropriate for.

If we abolished all the spending for everything in the government, zeroed out all discretionary spending, you would still be in the red for the year because of the entitlement, mandatory side of the budget.

So if we cut out all discretionary spending it would not make a bit of difference on the deficit. We would still owe money for every year if we borrow 42 cents of every dollar we spend, mostly from China. And you present us a budget with 85 percent mandatory. How can you justify that?

Secretary VILSACK. Well, Mr. Chairman, I think there are several ways that that can be justified in the sense that Congress obviously has directed this, and we are just simply following the directions and instructions of Congress.

Secondly, you know, there are some very significant programs that provide help and assistance to an awful lot of people.

First of all, we have looked at our mandatory budget in the sense that we worked with our insurance companies on the crop insurance side to renegotiate the standard insurance agreement and took the profit margin that these companies were realizing and may be providing a better and fairer deal for taxpayers. That netted a \$4 billion reduction in our mandatory spending that we used for deficit reduction.

Secondly, when you look at some of the conservation programs that are critical and important, you realize that not only are they beneficial to the environment, but they are also job creators, and they are also providing some income source for farmers. They are one of the many, many reasons we have seen record income levels for farmers and allowing farmers to be extraordinarily more pro-

ductive, do a better job of conservation, soil quality, and water quality.

The food programs, there are many ways to look at these programs. And one of the things that your question provides me an opportunity to do is to educate people on precisely who is receiving these payments.

I think a lot of people think that SNAP payments are going to folks on cash welfare. The reality is only 8 percent of the people receiving SNAP are on cash welfare. The other 92 percent are senior citizens, people with disabilities, children, and folks who are actually working. They may be working a part-time job or a full-time job, but it just does not give them the capacity to meet all the nutritional needs of their family.

And so if you look at the impact, the economic extension impact of a SNAP program, what you determine is, for every dollar we invest, \$1.80 of economic activity occurs.

So we are going to continue to follow the prescriptions and directions of Congress. We will work with Congress to find ways to make sure that we are running these programs efficiently and effectively.

I am proud to say that the error and fraud rate on SNAP are at their lowest points in the history of the program. We will continue to try to figure out ways in which we can do an even better job.

Mr. ROGERS. A lot of these programs, of course, are dependent on the rise and fall of the economy. Food stamps, for example, SNAP, and not only SNAP but other farm programs dependent on the economy. When you were making your recommendation, your request to us for your budget, what kind of outlook did you rely upon in the economics field to make those judgments?

Secretary VILSACK. Well, I can tell you in the SNAP area we actually have seen a plateau and actually we are projecting a decline in the number of participants in SNAP during 2013 because we are seeing an improved economy.

We have also seen an uptick recently in the WIC program, which is why you see an increase there to increase participation.

In terms of the farm programs, we are projecting a slight increase in direct payments; and, as I said, we are expressing a fairly significant increase in crop insurance, but that is because of an accounting process that we are directed to involve as a result of the 2008 Farm Bill.

Mr. Chairman, one of the things that will actually drive that number in the future is what we do with the Farm Bill; and, obviously, we can have a conversation about that as well in terms of farm programs and what kind of adjustments we have to make, given the fact that we are seeing record income levels for farmers.

Mr. ROGERS. Well, thank you, Mr. Secretary. You have got a tough job.

Mr. KINGSTON. Thank you, Mr. Rogers.

Mr. Dicks.

SNAP BENEFITS

Mr. DICKS. Well, on this subject, I find it interesting that executives from Wal-Mart—one news story quotes Wal-Mart senior vice president for store development talking about the rush of business

in their stores on the first of every month when the SNAP EBT cards are loaded. She said, we bring in more staff to stock. We also make sure all of our registers are open.

The CEO of Save-A-lot, which operates 1,280 supermarkets, also spoke about their customers who are making purchases with SNAP benefits and the rush at the beginning of each month. And that is why your statement that every dollar we spend creates \$1.79 in economic activity—and we have got to take care of these people. That is the thing.

And if the chairman wants to get people back to work, as I do, that is the best way. We have got to get people back to work; and then the cost of these programs will go down, both unemployment comp, food stamps, and all the other benefits that we have when we have a weak economy.

That is why I think the President is correct when he says we want to make sure that we don't hurt the economy in the near term by making draconian cuts in programs that are there to help the recovery. And we have got to have an economic recovery. That is why we have to be very careful.

Now, in the longer term, the next 5, 7 years after, say, 2014, then you can really, you know, exercise restraint and austerity. But austerity right now would make these programs—it puts more people on unemployment, has more people using food stamps. I mean, this is basic economics. And, you know, I am glad that we were able to prevent the draconian cuts that were proposed, because they would have done real damage to the economy.

RURAL ECONOMY

Secretary VILSACK. One of the untold stories that I think does need to be emphasized is the success that we are seeing in agriculture in this country. I mentioned several times that we have seen a record level of income in agriculture, and one of the reasons is that we had a record level of export activity last year. We did \$137 billion—\$136 billion of exports.

Every billion dollars of exports generates 8,400 jobs, which is why, Mr. Chairman, I started my comment by thanking you for giving me the capacity to be with the Chinese yesterday. Because when you deal with \$4 billion worth of soybean sales, you can do the math, that is a number of jobs across the country.

The fact that we are seeing a record income level in farmers, the fact that we are seeing expansion of domestic markets and exports, and the fact that we are seeing a record number of acres involved in conservation translates, I think, into a slightly healthier economy in rural areas than we have seen for a while. The unemployment rate, according to the Bureau of Labor Statistics, the last report I saw, is, in fact, coming down at a faster rate in rural America, and I think part of it is a result of the health of the agricultural economy. And I think there is a message there for the entire country.

Farmers in the 1980s faced, as Representative Latham knows full well, faced a serious amount of debt. They got their debt under control, which we have to do, obviously, within this government. They invested money in technology and research and innovation and productivity, so agriculture has been the second most impor-

tant aspect of our economy since 1980, and that gave us the opportunity to create new ways to use our agricultural production and also export opportunities.

So that is why we are asking for more dollars in research. That is why we want to increase agricultural productivity. That is why we want to support exports. We want those private-sector jobs. Representative Dicks, you are absolutely right. That is what is going to drive down the need for many of these other programs.

Mr. DICKS. You have got to put people back to work.

Secretary VILSACK. That is true.

Mr. DICKS. And it also reduces the deficit. This is the one thing that a lot of people don't understand, is that when you create economic activity it brings down the deficit. If you don't, if you cut and slash and burn all of these programs that are job creators, it is going to raise the deficit. It is counterproductive. It doesn't work.

When you listen to Paul Krugman, when you listen to the top economists—Bernanke, Simpson-Bowles—they have all said you have got to be careful about how you do this.

And so I mention this because we are at the start of another year, and I remain hopeful that we will have a reasonable budget here in the House of Representatives, not something that is going to require draconian cuts that will do more damage than good in the name of fiscal austerity.

Thank you.

Mr. KINGSTON. I thank the gentleman.

Mr. Latham.

Mr. LATHAM. Thank you very much, Mr. Chairman; and welcome, Mr. Secretary.

I was stunned, I guess, in the President's State of the Union that he did not once mention anything about agriculture. I don't know, maybe you didn't have any input into the State of the Union, but not once did he say anything about agriculture.

Secretary VILSACK. Well, I think he did.

FARM YOUTH LABOR

Mr. LATHAM. I was curious—I would like to know how much input did you have with the Department of Labor with the rule about the farm youth? And I know you supported the original rule, and then they retracted it. But are you—

Secretary VILSACK. Well, I want to make sure that we are clear about this. I contacted Secretary Solis during the Christmas holiday to express concerns and to make sure that she fully understood and appreciated what was at stake here. It was not just simply an issue of child safety, which we are all very interested in.

Mr. LATHAM. Right.

Secretary VILSACK. It was about making sure that there was an understanding of the value system that is at stake here, the fact that many values are transferred in the countryside through the work that is done on the farm. Youngsters learn the value of hard work, they learn the value of economic independence by virtue of that hard work, and that we wanted to make sure that whatever was done did not jeopardize that value system.

And, as a result of those conversations, the Department made the decision to sort of pull back the proposal as it relates to the

family farm section of it and to actually review the entire rule. So we are engaged with them, and we will continue to be engaged with them as they formulate this rule.

Mr. LATHAM. On your blog in December you are saying the Department of Labor is not proposing any changes as to how a son or daughter can work on a family farm and that simply—there were major changes.

Secretary VILSACK. Well, that statement is actually true because of the exceptions that are contained in the law. The definition of family, that is actually true. But what was potentially at risk was other relatives, the niece and nephew, a second cousin and that type of thing. And that is what we tried to explain to them, that there are ways in which this—the concern for safety can be translated. It doesn't necessarily jeopardize that value system.

FARM SERVICE AGENCY OFFICE CLOSURES

Mr. LATHAM. The Farm Service Agency offices—if you could do a multiple question here, because Jack is going to put me out of time, but a couple of things. The criteria used as to which offices were going to be closed, I don't know whether there is workload or just the number of employees or distance from another office.

And then I know I asked you last year, but you are not making any proposals as far as a new Farm Bill, and that obviously is going to be something that will be debated this year. Hopefully, it will get done.

But there is a lot of talk about certainly doing away with direct payments, probably doing away with commodity programs, much less effect than what they currently have. If, in fact, that were the case, is there any discussion at USDA about the role then of the FSA offices? Are you talking about them doing other things or—I had some folks in last week from FSA offices talking about them taking over crop insurance. Is there any discussion about that?

Secretary VILSACK. The criteria that was used, Congressman, was basically we looked at the guidelines and direction that Congress gave in the 2008 Farm Bill and suggested that if office closings were to be looked at that we needed to look at offices that had one or two employees that were located within 20 miles or so of an existing FSA office.

Based on our review, what we found was that there were actually 35 offices that didn't have any full-time employees at all and that the balance of what we proposed had one or two. So that is basically the guideline that was used.

And, you know, if you think about an office with one person, there may be a disruption of service. If your child is playing in a State wrestling tournament or the State basketball tournament, which often happens in our State, basically what do you do, you shut the office down. So our thought was that we actually could provide better service and more effective service and strengthen service with a beefed-up office in the area but not necessarily one that had a single employee.

FARM BILL

As it relates to the Farm Bill, we are working with members of the Agriculture—Ag Committee in terms of providing technical as-

sistance and direction as they begin to think about what they would use in place of a direct payment system. Obviously, crop insurance will be key and important to that. What will supplement the crop insurance if you are faced with a fairly significant disaster where crop insurance just simply isn't enough to take care of your loss?

We are working with them on the conservation title. Fewer programs, maybe greater flexibility in the conservation title, so we could better streamline activities in that area.

Mr. KINGSTON. You guys could always catch up with each other back home, you know that, in the great State of Iowa. You could even run for President there, if you want.

Mr. LATHAM. Could he, for the record, get some answer about any discussions going on at the Department or what the role will be going forward?

Secretary VILSACK. It is difficult to answer that question with great specificity until we know what precisely the disaster programs may look like, if there are any disaster programs, what the Conservation Reserve Program—CRP—is going to look like in terms of any potential changes as well as what will replace direct payments.

Let me just say, to my knowledge, there is no conversation that I have been engaged in about taking over the crop insurance program in terms of management.

Mr. LATHAM. Okay. Thank you.

Mr. KINGSTON. The gentleman's time has expired.

Ms. DeLauro, the distinguished former chairman of this committee.

Ms. DELAURO. Thank you very much, Mr. Chairman and ranking member.

Let me welcome the Secretary and the Deputy Secretary and economist and budget officer here this morning. It is great to see you and thank you for the great effort that you make.

I am sorry that Chairman Rogers isn't here. But—the first Commissioner of Agriculture under Grover Cleveland—except it is really like *déjà vu*—who was never confirmed by the Senate. But, in any case, he took on the job in 1885. He went to New York to Kentucky and then to Missouri. And he was agriculture secretary in 1889 under—as I said, under President Cleveland, but he never got confirmed.

So, you have a proud and wonderful tradition which you are upholding here today, Mr. Secretary, and I appreciate it.

SNAP

I wanted to say thank you to you for laying out the SNAP program, so I will just take a second on that and who, in fact, it benefits and particularly today with the economic conditions that we are witnessing, that we have seen the increase. But as it was intended to be when the economy gets better, the numbers begin to drop, and that is the safety net strength of what SNAP is about.

And I would just also add one further thing.

At a time which has really been somewhat of concern to me because this is a program that has enjoyed such bipartisan support—and I have great quotes which I won't go into from Ronald Reagan

and others, who really thought we ought to expand this program to provide food and nutrition to young people—but it has been under attack, and it has been demonized, particularly used in the last several months as, you know, a mark of somehow failure that we have so many people who are on food stamps. It is the economic times that have driven people to food stamps, even though some—and in your testimony you say some who never thought they would have to be there.

So I appreciate your words, laying it out, the accuracy rate, and all of those things which would allow us to try to move forward with the program.

I want to ask you this. I would like to get—are we going to do a couple of rounds? Thank you.

But with regard to the crop insurance program, I just want to lay out some particulars in which I would like to get some answers on crop insurance about subsidies, who they go to, whether it is the insurance companies, to the farmer, the accuracy rate, what the thresholds are, et cetera. But I will lay that out and try to get some answers for you.

NUTRITION STANDARDS RULE

Let me talk about the school meal programs, if I can, and have you talk about that a little bit. Because I think it is a great success story.

I will also just say to you that, as someone who knows this food very, very, well, I would just say flat out to you that pizza is not a vegetable. So I just want to make that clear. And, as I say, I think I have standing on this issue. Nor do I think we should have to deal with the issue of starch and potatoes in the same way. I think you guys are on the right track.

But 32 million students around the country participate in the USDA school meal program, and kids consume anywhere from 30 to 50 percent of their daily calories during the school day. The agency issued a rule to improve nutritional quality of school breakfasts and lunches, and it is for the first time in more than 15 years that the standards have been raised.

So, we have got a challenge in this Nation of hunger and obesity. Over 20 percent of our kids struggling not to go hungry and 17 percent of our kids, more than triple the rate of one generation ago, obese.

I was encouraged by the news of the rule, and can you tell me about how you expect the rule to be implemented, what it means for both the issue of defeating childhood hunger and the question of obesity?

Secretary VILSACK. Representative, we obviously, in addition to trying to meet the dietary guidelines, also for the first time tried to align the caloric intake for youngsters based on an age-specific set of criteria. So our view is that we are going to have more nutritious meals and better meals for these youngsters, and our expectation is that it is going to help supplement what moms and dads are doing across the country in trying to make sure that their youngsters are healthy and happy.

We will look forward to an implementation of this rule beginning in this upcoming school year, and over a period of time we will see

additional rules pursuant to the Healthy Hunger-Free Kids Act. As it relates to competitive foods, as it relates to ways in which we can continue to support wellness and physical activity, it is calories in and calories out, as the First Lady often mentions in her Let's Move initiative. So it is a combination.

I see my time is up. I am trying, Mr. Chairman. I am trying.

Mr. KINGSTON. Thank you, Mr. Secretary.

Well, we will have some other rounds.

Ms. DELAURO. Thank you, Mr. Chairman.

Mr. KINGSTON. Mrs. Emerson.

Mrs. EMERSON. Thank you, Mr. Chairman. Thanks, Mr. Secretary for being here.

Forgive me. I don't have much of a voice.

CROP INSURANCE PROGRAM LEGISLATIVE PROPOSALS

Can you go over in a little bit more detail—I know Rosa mentioned crop insurance. But, you know, for those of us who represent mid-South districts and where crop insurance works for most commodities but not all, I am a little concerned because of the proposed \$7.7 billion of savings over the next 10 years; and I would like you to outline actually what those are, especially given the fact that direct pay—we all know that direct payments is going to go away.

Secretary VILSACK. There are four aspects of that savings.

First of all, as a recalculation of how premiums are determined with catastrophic coverage, we think that there is several hundred million dollars that could potentially be saved by recalibration of the way in which those premiums are calculated. It wouldn't necessarily cost producers, but it would be a recalculation.

Secondly, there is an effort to basically cap the administrative and operating expense aspect of the crop insurance, which is the money that basically goes to administer the program. There are savings incorporated in that.

There is also an effort to take a look at the profit margin, if you will, from crop insurance. We did a study, suggested that this operation could be financially feasible and sustainable at a 12 percent return on investment. Right now, we calculate it is probably closer to 14 percent that is a return. So it would basically be moving it down from 14 to 12 percent. So it would still be a healthy profit margin but some savings to the government.

And then, finally, it is working with the producers. In some cases, producers' premiums are subsidized at a rate greater than 50 percent. And what we would suggest is a 2 percent reduction of that subsidy for those producers and only those producers that are already receiving more than a 50 percent subsidy.

PAPERWORK REDUCTION

Mrs. EMERSON. Okay, I appreciate that.

One of the things that I also might suggest you do, working with the industry, is to be able to eliminate duplication of paperwork. Because so much of what the insurance agents, information they need to get for purposes of determining what premiums might be, the FSA offices already have. I just think it could be more efficient in some cases, because you have got two different people going out

getting the same information and not collaborating perhaps as much as could be done.

Secretary VILSACK. We are working in that direction. It is part of what we are doing as instructed by the President to take a look at our regulations, sort of a look-back on our regulations. So that process is in place.

We also worked to standardize reporting dates. We had 70 different reporting dates between these various entities, and we now have 15 common dates that everybody agrees to. So that is going to substantially provide help and assistance in that area.

Mrs. EMERSON. Okay. Thank you very much.

ANIMAL DISEASE TRACEABILITY PROGRAM

Now let me ask you another question about animal identification, if I could. I think you have got a request for a \$5.6 million increase for the National Animal Identification System. This is not popular in my district, and I know it is not popular in a lot of areas across the country, and I actually do remain concerned about the requirements that are going to be placed on those operating in interstate commerce. Because in Missouri, for example, most all of our cow-calf operation, we are dealing with interstate commerce.

So have you all experienced any similar push-back that I and some of my colleagues have, who are still going to be subject to mandatory participation?

Secretary VILSACK. Well, let me just take you to a conversation I had with the Chinese agricultural minister about trying to reopen the beef trade to China. One of the concerns that they have is the inability of America to trace back, and that is one of the conditions that they have in terms of us opening up that market. So we have to have some kind of traceability system.

Now we will argue about whether it has to go all the way back to the farm or whether it has to go to a State. But at the end of the day many of our customers are encouraging us to have this kind of system. So that is important to know.

Secondly this trace-back system, I think, is much more conducive to respond to the concerns and criticisms of the previous trace-back system, which was not particularly well received and not utilized by very many producers.

We have tried very hard to be collaborative, we have tried to listen, we have tried to adjust what our proposal is so we can adjust the issues involving brands, for example; and I think when this rule comes out, if we have the assistance, the financial assistance to ensure that producers are not overburdened with costs and that we manage this thing properly, I think it will help us. It will help us on animal health. It will also help us in trade.

Mrs. EMERSON. But you don't know at this time what additional burdens might be placed on the producers?

Secretary VILSACK. We really don't anticipate a lot of burden, because we are basically looking at ways in which we could finance the cost of the technology which would be used to make the trace-back appropriate. And whether it is an ear tag or a brand, whatever it might be.

Mrs. EMERSON. All right. I will look forward to exploring that further with you. Thanks.

Mr. KINGSTON. Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Secretary.

IMMIGRATION

I have a question on immigration in particular. The immigration issue is, of course, a primary concern in my State, in southwest Georgia. And, of course, very strident and extreme legislation has been passed in States, including Alabama, Arizona, and Georgia; and it has led to a great deal of uncertainty not only with our farmers but our traditional agricultural workforce.

The proposals have created an even greater barrier to maintaining the workforce and has caused a great deal of financial harm to the economies of the States that have enacted the laws. Our fruit and vegetable producers in Georgia lost over \$300 million due to migrant labor shortage last year. It is an industry which primarily is located in my district and the chairman's district, and it is estimated that our producers lost nearly a billion dollars.

There have been several legislative proposals suggested, including the one sponsored by Chairman Kingston and myself, but what is the administration's position on this matter, particularly for farmers that are living in Alabama, Arizona, and Georgia? And is it possible to provide some kind of Federal waiver, other emergency relief for States like Georgia which could bring greater certainty to this segment of our economy, fruit and vegetable?

Secretary VILSACK. Representative Bishop, I am not certain whether or not I have the capacity or the authority to grant the waiver that you have just suggested. I am more than happy to look into that.

[The information follows:]

The Department does not have the authority to grant the waiver or other emergency relief as suggested. The Department of Labor operates the temporary agricultural worker visa program.

I would say that, as it relates to this particular issue, the view of the Department of Agriculture is that it is an issue of concern. We understand and appreciate that there are crops potentially not being processed or picked as a result of a lack of labor, and that is a deep concern to us.

The answer is comprehensive immigration reform. Obviously, it focuses on border security, but it also includes some mechanism and process by which folks will be able to create some pathway to legitimacy—learning the language, paying a fine, paying their taxes, things of that nature.

And, honestly, this issue is one that Congress really needs to address. It is not going to get any better. It is not going to solve itself. We are going to see an expansion of these concerns that you are seeing in your State and other States. And it is something we feel very strongly about. Comprehensive immigration reform is the answer.

Mr. BISHOP. Thank you, Mr. Secretary.

FSA LEGISLATIVE PROPOSALS

Now, currently, the FSA county offices and their employees administer the direct payment program as well as other functions.

And, in most offices, managing the direct payment program and related activities is their primary function.

Should Congress agree with the administration's proposal to eliminate direct payments? How do you see—or what do you see the role of the FSA office personnel changing or being modified to become?

Secretary VILSACK. Well, there are still going to be many responsibilities associated with the credit aspect of FSA's office. I mean, we are going to do 29,000 loans, operating loans. There is still going to be, we suspect, some mechanism for dealing with disasters which will have to be administered through FSA. Given the conversations taking place in the halls of Congress, the fact that direct payments may be eliminated doesn't mean that there might not be some other system or process that is put in its place, which obviously would be administered through FSA. So a lot of it has to deal with how this Congress deals with the Farm Bill, but I think there is going to be plenty of work.

Having said that, the one thing that we do need to do is to continue to invest in the technology that will allow our folks to do their job more effectively and more quickly. That is why this budget does propose additional resources in MIDAS—Modernize and Innovate the Delivery of Agricultural Systems—I think we are going to begin to see significant opportunities for improvements in our relationship with producers as a result.

CROP INSURANCE PROGRAM LEGISLATIVE PROPOSALS

Mr. BISHOP. How does that coincide with the proposed changes in the crop insurance program? In your budget, you propose changes for crop insurance which would save approximately \$3.3 billion over 10 years, and it would reduce the rate for participating crop insurance companies 14 percent, or thereabouts, and reimbursement rate for administrative and operating expenses by creating a cap.

That is one of the proposals. But you also have not—or have you—do you have plans to offer comprehensive crop insurance proposals? And would the FSA offices be responsible, having more responsibility for that? Would you be cutting out the independent insurance agencies who are now performing that function? Or how is that going to work? Right now they have a choice of three.

Secretary VILSACK. As I indicated, Representative, I have not had any specific conversations with anybody within my office on FSA's responsibility or taking over the responsibilities for insurance agents. I have not had that conversation. I don't expect to have that conversation. I think Bill Murphy, who runs the Risk Management Agency, has indicated that that is not likely to be something he would recommend to me.

Secondly, we are constantly expanding crop insurance opportunities. In this administration, I think we have added several policies. Maybe as many as 139 new policies have been issued over the course of the last number of years. So there is going to be constant focus on crop insurance, and you are going to continue to have a crop insurance program, and it is central to the safety net that producers rely on.

Congressman Bishop, we would like to be able to expand it to peanuts, but we will have a conversation about that at some point, I am sure.

BRAZILIAN COTTON CHALLENGE

Mr. BISHOP. What about the Brazilian cotton challenge?

Secretary VILSACK. Well, that has to do with the guaranteed loan program, and it has to do with the way in which we are providing assistance. That is going to be answered in the farm bill.

Mr. KINGSTON. Mr. Aderholt.

Mr. ADERHOLT. Thank you, Mr. Secretary, for being here today.

AGRICULTURAL WATER ENHANCEMENT PROGRAM

One question that I wanted to ask about was the Agricultural Water Enhancement Program. And I know that Congressman Everett, who was a former member of our delegation, had worked on this program when he was in Congress. And, of course, the intent was to draw water resources during the rainy season, store them, and then irrigate crops during the dry season.

I just wanted to ask about the future of that program and if you could give us any update on that.

Secretary VILSACK. Congressman, I can tell you that I would like the opportunity to give you a more detailed response in writing to that question.

[The information follows:]

The 2012 Agriculture Appropriations Act extended the authorization for the Agricultural Water Enhancement Program through fiscal year 2014. The 2013 President's Budget includes \$60 million in funding for the program, which is the same level as enacted in 2012. With this funding, NRCS will continue to address serious surface and ground water shortages as well as water quality concerns in many agricultural areas.

Mr. ADERHOLT. Sure.

SMALL WATERSHED REHABILITATION PROGRAM

Secretary VILSACK. I will say that the only program that I know of that we are essentially eliminating, if you will, is the Small Watershed Rehabilitation Program. That focuses on projects that are primarily local and State in scope, and we believe it is probably more of a responsibility of those local and State governments to basically operate those projects. That is being eliminated.

AGRICULTURAL WATER ENHANCEMENT PROGRAM

I can tell you that we have proposed in this budget \$60 million for the Agricultural Water Enhancement Program. That is a slight reduction, but it is still a commitment in that program.

CATFISH INSPECTION PROGRAM

Mr. ADERHOLT. Also in the same regard—and, again, this may be something you need to check on—but I understand that USDA is looking to complete the development and implementation of the Catfish Inspection Program. Just, any information you can give us about the delay on that?

Secretary VILSACK. Well, the proposed rule is, I believe, over at OMB. It is over at OMB. And we are working through it.

We have asked for input on a couple of critical issues in terms of the definition of catfish. And we are securing that information, we are analyzing it, and as soon as we have completed that analysis, I suspect we will have a rule.

CONSERVATION PROGRAMS

Mr. ADERHOLT. And then, also, I understand you have put emphasis on maintaining working lands in agriculture—that is, refocusing conservation efforts so that conservation is achieved but land doesn't have to be taken totally out of production. Can you speak to that a little bit?

Secretary VILSACK. Sure. The budget that we are proposing would support roughly 360 million acres in conservation programs in one form or another: roughly 30 million acres in the CRP Program and 330 million acres in the balance of our conservation programs—Environmental Quality Incentives Program—EQIP, Conservation Stewardship Program—CSP—and the like. We think that there are tremendous environmental advantages to this, we think there are economic advantages to this, and we are going to continue to work with landowners.

We are going to do a couple of things. We are going to try to see if we can create a process by which the private marketplace might be interested in investing in conservation so we can leverage and stretch our conservation dollars. The notion of ecosystem markets where a business or an enterprise that is regulated may need the result of conservation and may be willing to pay a farmer for that. I will give you an example in Ohio. There is a wastewater treatment facility that was confronted with having to upgrade their facility based on contaminants that they had to remove from the water. They determined that a less expensive way would be to work with farmers on conservation, so they are paying the farmers to prevent the contaminants from getting into the water to begin with. That is a leveraging concept.

The other thing we are trying to do is to work with other regulatory agencies, like Environmental Protection Agency—EPA—the Department of the Interior, to see whether we can give these farmers some degree of regulatory certainty that when they make these investments, in exchange for that, they essentially get assurances that they are not going to have to worry about the Endangered Species Act or they are not going to have to worry about other regulatory agencies coming in and saying, "That is great, but now you have to do even more." We just signed an agreement with Minnesota. It is our first agreement with a State government, and we hope to be able to expand that program in a number of States.

Mr. ADERHOLT. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. KINGSTON. Ms. Kaptur.

Ms. KAPTUR. Mr. Secretary, welcome. Deputy Secretary Merrigan and also Dr. Glauber and Mr. Young, thank you so much for joining us today. Really happy to see you.

I am going to focus questioning in more than one round here on the following topics: linking local food production to nutrient-short

populations, with a particular focus on SNAP, WIC, our school food programs, and our urban farmers' markets and roadside stands; number two, energy independence and the Department's role; number three, urban farmers' markets; number four, Lake Erie and the algal blooms related to too much fertilizer going into the Western Basin; and, finally, ARS and the bio-based economy.

NUTRIENT-SHORT COMMUNITIES

The first topic I would like to focus on in this first round has to do with linking local food production to nutrient-short populations and how better the Department can organize itself to achieve this.

As I read your testimony, on page 2 you note that American producers have earned record incomes. And we know that USDA's budget—about 16 percent of the budget is devoted to production agriculture. That is a great success. That is a great success story.

But 72 percent of the budget is related to nutrition. And on page 12 of the testimony, it states that the prevalence of obesity among children tripled from 2007 to 2008 and doubled among adults. And then it talks about 2009–2010, which I would say statistically is not a reliable measure, and it says that the obesity rate has stopped increasing. Well, I think statistically one could argue with the nature of that particular time period.

But my question really revolves around how better the Department can organize itself to deal with nutrient-short communities and hollow calories that are causing our hospitals to be dealing with hypertension, diabetes at epidemic levels and costing us an arm and a leg in every other account in this government, whether we are talking about Medicaid, our health programs, our private insurance programs.

President Obama in his State of the Union mentioned a couple towns, and now I am going to get real parochial here. He talked about Cleveland, Toledo, and Detroit. And we heard him.

And one of my questions to you is, could you put some legs under USDA's ability to focus on that particular set of communities that ring Lake Erie on the U.S. side and help us put a USDA task force together with our mayors and county executives in that region, working with foundations like the Cleveland Foundation, which has a very strong interest in this issue of nutrition and healthy living, and help us figure out how better to link USDA's programs so they really work in those communities to help us produce food close to nutrient-short populations in an area of the country that must transition to a new economic age; and also, within USDA, to better coordinate what you are doing in so many disparate ways inside the Department that it is almost hard to get your arms around it?

So my question is, would you be willing to take a look at the President's State of the Union and help us organize our thinking about how better to serve nutrient-short populations that are consuming hollow calories, where food production has moved very far away, and where the normal instruments of distribution do not exist?

We simply must produce food closer to where people live. And the schools—and I note you have some programs in here dealing with the school budgets. But the type of food that is offered in these schools is really, in many cases, disgusting. And we simply

have to focus on these areas and better think through how to provide better nutrition in areas where it is obvious that the nutrition side of USDA and our local communities haven't got it right yet.

Secretary VILSACK. Mr. Chairman, can I have just a minute more than my time allows to respond to that?

Mr. KINGSTON. I would ask unanimous consent.

Secretary VILSACK. Ms. Kaptur, I think we have done a fairly significant amount of work in this area. And I am just going to tick off a few things we have done.

We have improved the WIC package to make it more nutritious. We have worked with Congress to pass the Healthy Hunger-Free Kids Act and implement that, which is going to address your concern about the importance of school meals. We have issued new dietary guidelines and we have simplified the food icons so that people can understand precisely what a healthy plate looks like. We have also made a major effort in Hispanic communities to make sure that they understand this because we see the high prevalence of obesity among Hispanic children.

We have worked with the SNAP education program to provide healthy recipes. And we are working in Holyoke, Massachusetts, on an integrative effort to try to see if point-of-sale incentives will result in more fruit and vegetable purchases.

We have worked with the city of Detroit and other cities to really focus on expansion of farmers' markets. We have seen an over 50 percent increase in the number of farmers' markets. We have increased the senior farmers' market effort in terms of being able to use SNAP benefits at farmers' markets and seniors being encouraged.

Ms. KAPTUR. I thank you for that.

Secretary VILSACK. All of that has taken place.

And we have also focused on food deserts in a very significant way. We have used many of the tools you all have given us to encourage grocery stores to locate in communities.

Now, I am more than happy to sit down with—

Ms. KAPTUR. Good.

Secretary VILSACK [continuing]. A group of folks from Ohio. You know, National Institute of Food and Agriculture—NIFA—just awarded to Cleveland a fairly significant grant for a community garden project. I am more than happy to sit down to make sure that folks know all we have done.

The last thing I would say is that the Deputy Secretary has been working very hard on a report about the Know Your Farmer, Know Your Food initiative. And I think when that is published you are going to see that there is very much coordination and consolidation within USDA on these programs and that there is integration, and I think that report will help clarify that.

Ms. KAPTUR. Could you just state, Mr. Secretary, where at USDA does that coordination occur?

Secretary VILSACK. Well, it actually occurs at the Secretary and Deputy Secretary's office, because the Deputy is engaged in—and obviously she can speak for herself on this—but she is engaged in regular meetings with every mission area that is impacting local foods and regional food systems.

Ms. KAPTUR. Thank you. And I will accept your offer to meet with the mayors and county executives in those areas, Mr. Secretary.

Secretary VILSACK. Sure. Anytime.

Ms. KAPTUR. Thank you very much.

Mr. KINGSTON. Mrs. Lummis.

Mrs. LUMMIS. Well, thank you, Mr. Chairman.

And thank you, Mr. Secretary and staff, for coming in.

I am a little concerned, because of votes, that I might not get a second opportunity to ask questions, so I am going to ask my questions now and ask that you have folks follow up with me about the responses.

SNAP CATEGORICAL ELIGIBILITY

My first question is about SNAP. And we know that categorical eligibility is used in 41 States, and it allows individuals who are eligible for Temporary Assistance for Needy Families—TANF—to also be eligible for SNAP without having to meet SNAP income and asset requirements.

So my first question is, do you know what percentage of participants are eligible only through categorical eligibility? And do you know what percentage of SNAP growth is a result of categorical eligibility?

[The information submitted by USDA follows:]

In FY 2010, when 39 States had implemented broad-based categorical eligibility, only 2.9 percent of SNAP participants lived in households that exceeded the Federal income limits. Less than one percent of total benefits were received by these households. An additional number of SNAP participants exceed the Federal asset limits; data to determine this number is not available.

While eligibility has expanded to some degree over the past decade, most notably through bipartisan Congressional action, the program maintains and enforces national standards for eligibility and benefits. The growth that we have seen in recent years reflects both the expansion of the population in need and our increasing success in reaching a higher proportion of those in need, Americans that are eligible for the program by virtue of their low incomes. Increased costs also reflect the fact that the poor not only grew in number, but got poorer, with the proportion of households receiving the maximum benefit level—because their income was particularly low—nearly doubling between 2001 and 2010, to 40 percent.

And there is the bell for votes, but I will complete asking my questions.

GOVERNMENT ACCOUNTABILITY OFFICE (GAO) DUPLICATIVE PROGRAMS REPORT

The next question I have is about nutritional program duplication. The GAO report on duplicative programs recognizes 18 domestic food and nutrition assistance programs across 3 agencies. Now, several of them are at, of course, Department of Agriculture.

So my question is, what is the USDA doing to address the GAO recommendations to reduce these overlapping nutrition programs? GAO also says that administrative costs account for one-tenth to one-quarter of the total costs of these programs. So how can we save money to address administrative inefficiencies in these programs?

[The information submitted by USDA follows:]

USDA shares an interest in preventing inefficiency and overlap in federal nutrition assistance programs, while at the same time ensuring that those who are eligi-

ble receive the assistance they need. The array of programs that Congress has authorized forms a nutrition safety net to prevent hunger and poor nutrition.

In practice, relatively few households stack program on top of program: among those that participate in at least one of the four major programs (SNAP, WIC, NSLP, SBP), about 40 percent participate in only one and only six percent participate in all four. Nutrition assistance is one area where multiple programs reflect a diversity of need, not duplication of effort.

It's also worth noting that administrative expenses for the major nutrition assistance programs are quite low. Federal funding for administrative costs accounts for about nine percent of Federal spending for WIC, four percent for SNAP and less than three percent for school meals. Over 90 percent of these administrative funds are distributed to States for use in delivering benefits and services, rather than used to support Federal staff.

With both the program structure and administrative funding allocations primarily set in statute, fundamental change to nutrition assistance programs requires legislation to modify or eliminate the specific mandates for these programs. However, in order to maximize efficiencies within USDA's current authority, FNS promotes policy and operational changes that streamline the application and certification process; enforce rules that prevent simultaneous participation in programs with similar benefits or target audiences; and reviews and monitors program operations to minimize waste and error.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

My next question is, can the Commodity Supplemental Food Program be combined with other nutrition programs that have the same target population? For example, WIC could serve low-income women and children that the Commodity Supplemental Program is serving, thereby perhaps reducing the need for additional moneys in one or the other.

[The information submitted by USDA follows:]

The Commodity Supplemental Food Program (CSFP) serves low-income pregnant and breastfeeding women, other women up to one year postpartum, infants, and children up to age six, and elderly persons at least 60 years of age. CSFP participants may participate in any other Federal domestic nutrition assistance program, if eligible, with the exception of the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC Program). However, CSFP and the WIC Program have slightly different eligibility criteria for women, infants, and children; therefore, individuals eligible for one program may not be eligible for the other. For example, CSFP serves children age five and women seven to twelve months postpartum, while the WIC Program does not. It should also be remembered that the majority of CSFP participants are now elderly (currently, almost 97 percent of CSFP participants are elderly), so a substantial portion of CSFP participants would not be eligible for WIC. Transitioning the relatively few CSFP participants that would qualify for WIC would result in minimal savings in CSFP and would result in increases in WIC.

GAO DUPLICATIVE PROGRAMS REPORT

My next question is about economic program duplication. The GAO report on duplicative programs recognizes 80 different programs on economic development across USDA, Commerce, HUD, and SBA for economic development. Has the White House Rural Council, which I believe you chair, Mr. Secretary, discussed the GAO recommendations on these fragmented economic development programs? And is there a way to consolidate that duplication?

[The information submitted by USDA follows:]

The President is currently seeking authority from Congress to reorganize and consolidate Executive Branch agencies in order to streamline government to make it work better for the American people. To ensure that government reorganizations will result in a more efficient government, the President's proposal for the first time requires that any such proposal cut costs or reduce the number of government agencies. When the President requested this authority, he pointed out the sprawling au-

thorities of the federal agencies that deal with commerce and trade, including the programs within the Rural Business and Cooperative Service. If and when the President is granted this streamlining authority, USDA looks forward to working with the Administration and Congress to ensure that commerce and trade programs are delivered in the most effective manner in rural communities.

DUPLICATIVE DATA COLLECTION

My next question is on crop insurance statistics. The Risk Management Agency and the Farm Service Agency collects similar data on production and acreage, and it is used by, you know, insurance agents for crop insurance. Now, the duplication of these programs is estimated to cost \$197 million. That is based off the FSA cost of acreage reports. So I have another question: Can we consolidate ag statistics into one collection under FSA rather than having three different statistics collection services within USDA?

The fiscal year 2013 budget seeks to continue modernizing the FSA IT infrastructure, and I have heard from local employees that the program is not always compatible with the insurance agents. So is there a way that IT at USDA can be made more compatible with the crop insurance program so that statistical data can be easily shared across the agency?

[The information submitted by USDA follows:]

While there is considerable overlap, not all farmers and ranchers participating in the Federal crop insurance program administered by the Risk Management Agency (RMA) also participate in the farm programs administered by the Farm Service Agency (FSA). Accordingly, it is unlikely that we will ever be able to completely consolidate data collection under one agency. However, we are reducing the burden on producers by eliminating duplicate data collections and improving data sharing, not only between FSA and RNA, but across all of USDA.

For example, RMA and FSA have been working on consolidating producers' information through the Comprehensive Information Management System (CIMS). CIMS was developed in accordance with section 10706 of the Farm Security and Rural Investment Act of 2002. CIMS provides electronic access to a central source of common information, i.e., producer name, address, acreage, share and other key planting information. CIMS information has helped reduce costs associated with data collection, and identify data inconsistencies and reporting errors.

Further, in July 2010, the USDA announced the Acreage Crop Reporting Streamlining Initiative (ACRSI)—a joint initiative to create a common USDA framework for producers to report information to participate in certain USDA programs. FSA and RMA have been working with the National Agricultural Statistics Service (NASS) and the Natural Resources Conservation Service (NRCS) on the common reporting process. Through ACRSI, the agencies developed common land and producer definitions. FSA and RMA will implement common acreage reporting dates starting in July 2012. This consolidation will reduce the number of times producers must report their information. This spring we hope to launch a pilot program under ACRSI which will allow participating producers to report program information on-line.

These initiatives have helped standardize the use of data across the different organizations. CIMS information has been used by FSA to implement the Average Crop Revenue Election (ACRE) program. In the Supplemental Revenue Assistance Payments (SURE) program, RMA and FSA collaborated to share the insurance information necessary to compute the SURE payment.

Finally, it is important to note that information technology modernization is absolutely necessary to get the full benefit from the CIMS and ACRSI initiatives. FSA's MIDAS project (Modernize and Innovate the Delivery of Agricultural Systems) and RNA's Information Technology Modernization (ITM) projects are implementing the ACRSI recommendations for standardizing different data requirements that will assist producers in filing acreage reports with RMA and FSA. When fully implemented, these technology and system improvements will allow producers to provide relevant program information at their first contact with USDA, be that FSA, NRCS, or their crop insurance agent, and have that information shared seamlessly across USDA.

MUTUAL SELF-HELP GRANT PROGRAMS

My next question is, you have previously recommended eliminating the Mutual Self-Help Grant program, but in this budget you are proposing continuing spending in this program in the Rural Economic Area Partnership zones. So I am curious about what improvements were made in that program that caused you to want to keep it now when it was recommended to be closed earlier.

[The information submitted by USDA follows:]

The FY 2012 Budget did propose the elimination of the Mutual and Self Help (MSH) Housing grants in unison with a significant reduction in of the 502 Single Family Housing Direct (SFH-D) program. However, MSH grants were not eliminated in the 2012 Appropriations Act. The FY 2013 Budget reduces funding for MSH grants by \$20 million, leaving a total of \$10 million. The MSH grants continue to provide assistance for very low- and low-income households to construct their own homes. The funding for this program is directly correlated to the financing provided through the SFH-D program. In FY 2013, the funding for the SFH-D program will be targeted, in part, to mutual and self-help grant recipients.

The 2013 Budget does not propose funding for the rural economic area partnership zones as the authorization for this program expires in 2012.

AGRICULTURE AND FOOD RESEARCH INITIATIVE

And, finally, I have a question about the prioritization of grants that are in the Agriculture and Food Research Initiative competitive research program. We know that the prioritization of these grants is done by the agency, that the USDA announced it was providing \$23 million in grants to improve sustainable food systems, \$5 million to the University of Wisconsin to examine existing food systems, \$5 million to Penn State to evaluate regional food systems. And yield and herd health is going ignored by research grants while all these food system delivery grants are being issued, so I am just curious about that, as well.

[The information submitted by USDA follows:]

The Agriculture and Food Research Initiative, or AFRI, supports research, education, and extension work by awarding grants that respond to key problems of national, regional, and multi-state importance in sustaining agriculture. In FY 2010, no less than \$32.3 million was spent on research, education, and extension relevant to yield and herd health, or approximately 13 percent of awarded dollars. In contrast, AFRI supported food systems research at the level of \$4.8 million.

The agriculture and food sciences, which include the areas of yield and herd health, are represented by a balanced portfolio of fundamental and applied research. The AFRI Foundational program supports research on animal health and production. Those awards focus on improving animal nutrition and growth efficiency, reproduction, product quality, genetics/breeding, and herd health. New and continuing projects will investigate novel strategies to help maintain the competitiveness of U.S. animal agriculture.

AFRI supports integrated herd health awards by soliciting competitive proposals for multi-disciplinary, multi-institutional Coordinated Agricultural Projects (CAPs) for high impact diseases. AFRI resources are heavily leveraged with other Federal and non-Federal dollars.

Mr. Chairman, thank you.

Those are my questions, and I will look forward to visiting with you, Mr. Secretary, about those.

Mr. KINGSTON. Thank you.

Mr. Nunnelee.

Mr. NUNNELEE. Do you want me to ask them now?

Mr. KINGSTON. If you are coming back for the second round—you have time for—it just depends on what you need to do.

Mr. NUNNELEE. I will come back for the second round, but I will start now and we will go.

Mr. KINGSTON. You might want to yield to Mr. Graves. He has a real worried look on his face.

Mr. GRAVES. No. I am going to submit questions for the record.

Mr. KINGSTON. Do you want to submit any right now if Mr. Nunnelee would yield to you?

Mr. GRAVES. No, I am fine. We are prepared to submit them.

Mr. KINGSTON. Okay. All right.

Mr. DICKS. Could he get a chance to respond to the questions?

Mr. KINGSTON. He will when we come back.

Mr. DICKS. Okay.

Mr. KINGSTON. Mr. Nunnelee.

Mr. NUNNELEE. All right. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here.

SNAP AND ECONOMIC DEVELOPMENT

I want to spend a little time talking about food stamps. This budget for food stamps has gone up. Your request is for \$87.4 billion. That is over double what it was when this administration took office, a 120 percent increase.

I guess I want to start with asking, we talked about the fact that the testimony is that for every dollar we spend on food stamps, it provides \$1.80 of economic benefit. So does the administration see food stamps as economic development?

Secretary VILSACK. Not as economic development, but as the fact that food stamp and SNAP payments basically get into the economy more quickly than just about any other assistance that government provides. By the end of 30 days, 97 percent of SNAP payments are in the economy circulating.

And if you think about it, Congressman, it just makes sense. Obviously if people are in a position to buy more at a grocery store, somebody has to stock it, somebody has to shelve it, somebody has to transport it, somebody has to package it, somebody has to process it, and somebody has to produce it. All of those are opportunities along the supply chain.

And that is why you will see Wal-Mart, for example, says roughly 24 percent of their business is SNAP beneficiaries. That is a big part of their business, and obviously they are a big business and they employ a lot of people.

Mr. NUNNELEE. All right. So we spend a dollar, it creates \$1.80 of economic benefit. Of the dollar we are spending, about 42 cents of that is borrowed money. Is it the position of the administration that we ought to borrow more money? If we spend a dollar and get back \$1.80, should we borrow more money?

Secretary VILSACK. I think it is the position of this administration that we still have a fragile recovery that we don't want to necessarily jeopardize. At the same time, we want to build the foundation for an economy, as the President says, that is built to last.

He talks about getting America back in the business of making things, and I think agriculture grown in America is proof-point for the success of that theory. We are growing more. We are exporting more. We are using it more effectively, and unemployment is coming down in rural areas, at least based on the report I have seen

from the Bureau of Labor Statistics, at a faster rate than it is anywhere else in the country.

So I think the formula is right. We just have to make sure we don't jeopardize this fragile recovery.

Ms. DELAURO. Will the gentleman yield for 1 second?

Mr. NUNNELEE. No, I won't.

Ms. DELAURO. Thank you.

Mr. NUNNELEE. All right, so food stamps are part of the mandatory spending that Chairman Rogers talked about that is driving our budget and driving our deficit. We are going to be considering a new farm bill. Your budget request for food stamps is \$87.4 billion.

If the President called you in and said, let's see what we could do to get our budget for food stamps at \$75 billion or \$70 billion, what structural changes would you recommend that we enact to get that savings?

Secretary VILSACK. Well, the first thing is to put people back to work and making sure that we have the tools and the resources in rural development to ensure that we actually continue to promote the job growth that we have seen. Our rural development programs helped to generate, save 266,000 jobs over the last 3 years. We obviously want to do more of that.

Secondly, I think we want to make sure that we continue to focus on accuracy, which we have done. If you take a look at the accuracy rate and the fraud rate in this program, it is on a downward trend, and it needs to continue. And that would be a continued focus of this administration.

Mr. NUNNELEE. All right. As it relates to accuracy, my colleague, Scott DesJarlais, has introduced legislation that would stop paying bonuses for accuracy, that would stop paying people to do—paying bonuses for people to do the job that we are already asking them to do. Would the administration support that legislation?

Secretary VILSACK. You know, as a former Governor, those incentives really work to focus people's attention on accuracy. And these programs obviously are administered in large part by States, and we want to encourage good practices and best practices among the States.

So I am not sure that the small amount of money that we are paying in those bonuses—you know, I think we get a pretty good bang for that buck. I am always for incentivizing folks as opposed to penalizing them. So I don't know what the President's position would be on that, I have never asked him, but I would imagine he is probably for incentives.

Mr. NUNNELEE. All right. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. KINGSTON. The gentleman's time has expired.

And what I think we will do is adjourn, subject to the call of the chair. And, Mr. Farr, if it is okay with you, I think as soon as we can get me plus one Democrat, we can reconvene.

And I know that the passion of everybody on this committee is to come back and ask questions. I am sure Ms. DeLauro has no other questions; I will try to come up with some suggestions.

But if we could do that, Mr. Secretary, we will just vote, and come back as quickly as possible. We have two votes, 5 minutes left in the first one, and then a journal vote.

[Recess.]

Mr. KINGSTON. The committee will come to order.

Record timing, Mr. Secretary. It must be a reflection of your witness, because usually people say, "I will be right back," and you never see anybody for a while.

But I wanted to get back to a question of Ms. Kaptur on the obesity issue. You had said that you had changed the WIC menu.

By the way, a side question. I know that you want some money reprogrammed on WIC. We need a letter that shows the numbers on that, the documentation. We don't have that. So we just need the backup of the—we have the request, but we don't have the backup documentation.

But you have changed the menu on WIC, but on food stamps—and you and I have talked about this before, and I know there are political sensitivities on all sides of the aisle. And if that Wal-Mart number is right—and, Mr. Dicks, was that your number?

Secretary VILSACK. It was my number.

Mr. KINGSTON. Your number.

Mr. DICKS. It was the Secretary's, but he is accurate.

Mr. KINGSTON. You know, the reality is, though, these stores are depending on a lot of that—did you say 28 percent of Wal-Mart's business?

Secretary VILSACK. I think it is 24 percent.

Mr. KINGSTON. Twenty-four percent. But on WIC you have a limited menu designed for nutrition, and on food stamps you can buy anything but tobacco and alcohol.

And I think the State of New York was trying to do a pilot program, and there were some barriers to implementing that. But what would you say to a pilot program somewhere, where we take an area and we try to say, okay, you are going to have a really nutrition-based SNAP menu.

And, politically, we would all get massacred, I understand that. But still, if we are going to talk about nutrition, it still appears to me that that is something we should be discussing.

Secretary VILSACK. Mr. Chairman, when we were approached by the city of New York, one of the concerns we had was the difficulty of implementing what they were proposing. It is a lot more complex than a lot of people would recognize.

Mr. KINGSTON. Uh-huh.

Secretary VILSACK. And we suggested that we would be willing to work with them to try to figure out if there was another way to get to where they wanted to get to, which was having people make healthier and better choices. And we are still open to that, and I think we have begun the process of discussions.

I think the first thing I would say in response to your question, and I don't want to be difficult about this, but I think it would be helpful for us to know the outcome of what we have done in Massachusetts on the point-of-sale incentive to see whether or not our theory is right that point-of-sale incentives—in other words, encouraging by providing discounts for certain items—that that will

result in people purchasing those items more frequently, to see whether or not that is actually going to work.

Mr. KINGSTON. How long has that been in effect?

Secretary VILSACK. It is a 2-year study. It is very much research-based. It will conclude at the end of this year, and so we should have results relatively soon, by the end of this year. And I think we will learn a lot from that.

If it turns out that point-of-sale incentives are not particularly effective, then I think we need to continue to look for ways to improve this program. But if it turns out that point-of-sale incentives do work, then we may be coming back to this committee asking for the capacity and the authority to do more of this, because it is a very limited program.

Mr. KINGSTON. Let me yield.

Mr. DICKS. Could you explain to us what a point of sale is?

Secretary VILSACK. Sure. Essentially, Representative Dicks, what it means is that we have identified a number of fruits and vegetables that are healthy choices, and we have structured it in such a way that when you go into a grocery store in Holyoke, Massachusetts, as a SNAP beneficiary and you purchase one of those limited items, the grocer gets 100 percent of the purchase price but the SNAP card has been calibrated in such a way that it only registers maybe 80 percent of the cost. So the customer gets some kind of a discount.

And we are basically monitoring the activities of those SNAP beneficiaries to see whether or not that makes a difference. You know, if they save 20 percent on apples, is that something that would encourage them to purchase more apples? Of course, they would all be from Washington, no doubt.

Mr. KINGSTON. Where is Massachusetts, though, on the CDC obesity scale? Do you know offhand?

Because it would appear to me that we may want to try that in States that have a higher frequency of obesity, if it is not one of them. But it might just be common sense to do it in more than one location.

Secretary VILSACK. I think we had the resources to do it in one location, and I think it went through sort of a—not a bidding process, but sort of a study of the study to determine where it might work or where it might be easier to monitor. We would be more than happy to work with this committee on ways in which we could explore new and creative ways.

You know, we all share the same goal, and the question is making sure that it is workable, making sure that it doesn't create an undue burden on the store owner and a system that doesn't work. We want it to work.

Mr. KINGSTON. Thank you.

Mr. Farr.

Mr. FARR. I am going to follow up. This wasn't really what I was going to ask my question on, but I want to get into this.

SCHOOL NUTRITION

You know, I am a big fan of school nutrition and worked hard on this school nutrition bill to make sure that we get fresh fruits and vegetables in every school. What I have learned along the proc-

ess is essentially that the buying process is a bottoms-up. I mean, you give the money to the school districts, and then they buy according to the law.

You have just come out with a new rule on nutrition, and I think we need to do more to use the carrot-stick to really make sure that they are buying that. As you know, there is a lot of ways of getting excess commodity stuff, sugars and peanut butter and things like that, in the schools, no offense to my friends from Georgia. But I represent 85 fresh crops, and, I mean, everything we grow is what you are supposed to eat. And we grow a good percentage, some 70 percent, of all the spinach in the United States, and broccoli, comes out of my district.

What I have seen is that the manufacturers, the processors, really have learned to package in a way that will suit the customer. The schools have not engaged—and I would hope that maybe you could bring some of your expertise in this, to get the schools to engage with packagers on just how to do this.

Because you know a lot of the big urban schools have centralized kitchens. They prepare all the food there, and then they take it out in warm trucks and warm trays and give it to kids. And you know what works; it is pizza and all of the fast foods. It is all the stuff that really doesn't allow you to get all these fresh fruits and vegetables in. We can package fresh fruits and vegetables and ship them with a good length of shelf time, but we just need to match up the consumer, which is that local school, with the producers.

So that is an area that I have just seen in my district where there is no meeting of the minds, and I would hope that maybe you could lend some support in there and it will help you enforce your new regulations.

Secretary VILSACK. Just very quickly, three things.

Number one, there is the 6-cent reimbursement rate increase that is tied to schools meeting the guidelines.

Secondly, this budget is suggesting giving us the capacity to take \$35 million and incentivizing perhaps up to 10,000 schools to focus on equipment that would allow them to prepare food more locally.

And, finally, we do have an effort in Michigan and Florida, it is on a pilot basis, to see if there are ways in which we can better connect local producers of these fruits and vegetables with schools.

Mr. FARR. Well, you know, when you were out in the district and we both were shocked because one of the school programs was serving strawberry shortcake, the shortcake was made out of cauliflower, and it tasted delicious. It was phenomenal. We were both shocked at how good it was. So——

Mr. KINGSTON. I don't want that in the record. I think we are going to have to debate that.

Mr. FARR. Now, wait a minute now.

Mr. KINGSTON. If Ms. DeLauro and I are against you, Sam, you are really outnumbered here.

Mr. DICKS. And I am with you, Mr. Chairman.

Mr. FARR. The lumpy guys are different than the thin folks.

TRADE AGREEMENTS

Anyway, I would like to also shift to something else, which is, in your testimony, you indicate that the success of our new trade

agreements and how much export—and you mention in your testimony, “The ratification of the trade agreements with South Korea, Columbia, and Panama increased the U.S. Farm exports by an additional \$2.3 billion, supporting an additional 20,000 jobs.”

There is another side to it, and that is the imports. And one of my big issues in California is fresh-cut flowers and trying to compete with that. And what we are trying to do is create an ability to ship product, ship flowers, like we can ship lettuce and other things, which they consolidate into regional centers.

I just wonder if, you know, in part of this economic development, that you are looking at ways in which we can ensure that our competitive agriculture can keep up with this flood of new imports that are incoming without duties and tariffs and so on.

Secretary VILSACK. Well, as a practical matter, we still enjoy in agriculture a trade surplus, and it has been a fairly healthy surplus the last 3 or 4 years. In fact, the surplus last year was roughly \$42 billion. Five years ago, it was less than \$5 billion. So there is a trade surplus.

Mr. FARR. But that doesn't satisfy the needs of a family whose father committed suicide because he was so wiped out by the imports that wiped out his family tradition of growing flowers. And, you know, I do think you have to zero in on product specificity here.

Secretary VILSACK. Well, in order for us to enjoy the surplus, we have to make sure that we operate pursuant to rules and regulations that the international community has adopted and embraced. So, it is difficult to impose restrictions—

Mr. FARR. I am not suggesting that. I am suggesting keeping American agriculture competitive by helping with the infrastructure, the rural development, things like that that you know are important to keep them competitive.

BUSINESS DEVELOPMENT

Secretary VILSACK. I think we have done a pretty good job of that. We have a record number of grants and loans for business development in these last 3 years, a record number of home loans, a record number of community facilities have been improved, a record number of wastewater treatment facility projects that we funded.

We are working very hard in terms of creating jobs. This budget, we think, can support 45,000 additional jobs if we are given the capacity and the tools. You know, I am happy with the work that our folks are doing, especially when you consider that the workforce has been reduced over time, and especially considering the fact that this has been a tough economy but an improving economy.

So we are going to continue to work hard. And if there are opportunities in a particular industry that we need to be paying more attention to, then—obviously, you have addressed one—we will go back to the office and make sure folks are sensitive to that particular industry to see if there are ways in which we can provide assistance and help with greenhouse construction or ways in which we can encourage marketing.

And, frankly, there are export market opportunities there, as well, that maybe we need to continue to explore. And that is why

it is important to renew some of the specialty crop programs that are expiring under the 2008 Farm Bill.

Mr. KINGSTON. Mr. Nunnelee.

Mr. NUNNELEE. Thank you, Mr. Chairman.

LEGISLATIVE PROPOSALS

To get back, Chairman Rogers referenced the mandatory programs and the impact that those programs have on our budget and ultimately our deficit. Now, it is my understanding that the budget proposal proposes savings of \$32 billion over 10 years in mandatory farm programs.

And let me just ask you to elaborate on those a little bit, specifically what impact they are going to have on crop insurance, on program payments, exports, and productivity.

Secretary VILSACK. Well, there shouldn't be any impact on exports. The key export programs we are asking either be reauthorized or funded at very competitive levels, including the Market Access Program—MAP—program, which we are proposing to be funded at the same level as it has been for the past couple years.

The proposal in terms of budget reduction focuses on an elimination of the direct payment program. It focuses on some savings in crop insurance. And those savings basically are focused on reducing the amount of profit insurance companies generate to a point where we think the industry can still be viable and still provide the scope of products, limiting the amount of administrative and operating expense that we pay to insurance agents to basically administer the program, and creating a more equitable partnership with some of the producers who are currently subsidized by more than 50 percent of the crop insurance premium from the government. And these are folks who are fairly large operations and they are getting maybe a 60 percent subsidy.

So, at the same time, the administration is also proposing that we in some way, shape, or form continue some kind of disaster assistance or some program that will recognize that crop insurance by itself isn't enough, there needs to be something in addition to that. Because, given the high cost of inputs today, one bad year, even for the best operator, can potentially compromise the best operator. So it is important for us to make sure that there is crop insurance plus another mechanism.

Mr. NUNNELEE. And these are changes in mandatory programs that the administration will be supporting as part of the farm bill that will be taken up later on this year?

Secretary VILSACK. That is correct, sir.

SNAP CHANGES

Mr. NUNNELEE. All right. Changes in mandatory savings—or changes in mandatory programs, in farm programs, I commend you for that. Now tell me about recommendations for changes in the mandatory food stamp program that the administration is supporting.

Secretary VILSACK. Well, the President has been fairly clear that, as we try to get ourselves in a better fiscal condition and a better economic situation, that we have to have a delicate balance between not jeopardizing the fragile recovery, which these nutrition

assistance programs are part of helping people get through a tough time, and at the same time building the foundation for economic growth, which is what we have just recently talked about in terms of rural development programs, and at the same time making sure that the people who are in the best position to bear and to step up for their country are able to do so.

And, frankly, at this point in time, it seems as if the folks in the middle class and low-income folks have already paid a fairly serious and significant price in this difficult economy, because they have lost jobs, they have lost income, they have lost their homes. Which is why the President is proposing refinancing of homes and a whole series of other mechanisms to try to help and not provide more barriers for those folks.

Mr. NUNNELEE. So there are no recommendations for changes in the food stamp program?

Secretary VILSACK. Other than we are going to continue to try to figure out ways in which we can do a better job of reducing the error rate and the fraud rate. There is an enhanced program on those areas.

Mr. NUNNELEE. So let me summarize where I see it, and you tell me where I am wrong. Of your budget request, there is \$128 billion of mandatory spending. Of that \$128 billion, \$87 billion is food stamps. And you are recommending all of your mandatory changes come out of the balance. Is that right?

Secretary VILSACK. I think that is, for the most part, pretty accurate. But the—

Mr. NUNNELEE. I thought I understood.

Secretary VILSACK [continuing]. Budget that we are proposing actually reduces, as a percentage of the budget, what is going into nutrition assistance programs from 75 percent to 72 percent, because we anticipate that SNAP beneficiaries, the numbers will go down as the economy improves.

Mr. NUNNELEE. All right. Thank you.

Mr. KINGSTON. Mr. Dicks.

Mr. DICKS. I know I missed a little of this crop insurance discussion. I understand that you are proposing reforms in crop insurance that would save nearly \$7.6 billion over 10 years?

Secretary VILSACK. I think that is correct.

SNAP OUTREACH

Mr. DICKS. Yeah. One other statistic, for those people who think that this is a runaway program in food stamps, is that one-third of the eligible people aren't getting their food stamps, and I am told it is 50 percent in California.

So what is the Department doing about trying to outreach to the people who are eligible but don't, for whatever reason, don't participate?

Secretary VILSACK. I think, Representative, what you will find in this administration is that we have worked collaboratively with the State of California and the State of Texas, the State of Florida, the State of Louisiana, four States in particular that had significant members of the population that probably qualified but were not receiving the benefits of the program. Part of it is a focused effort on educating people about the awareness of the program. Part of it is

making sure that States appreciate the need for better outreach, better education, more advertising.

In California, in particular, we had a number of Spanish-speaking ads that were run on television and radio to educate people about the availability of the program. In the State of Louisiana and the State of Texas, we worked with nonprofit entities to improve community outreach into communities that may not be fully aware of the benefits that they are eligible to do.

We have obviously streamlined the process by which folks can qualify in a number of States to make it a little bit easier. And we continue to work with States to figure out best practices. But there are a number of States where the population—where the percentage of people eligible is—I don't know if it is 50 percent, but it may be 60 percent of those who are eligible are getting it.

Mr. DICKS. Of some sub-group.

Secretary VILSACK. Yeah.

Mr. DICKS. Yeah. And that would be of concern, that they just didn't know or hadn't been aware of the program but were hungry.

Secretary VILSACK. Well, and a lot of the people that are eligible that aren't taking advantage of the program are senior citizens. And that is a subset of the folks—when we think about SNAP, we don't think of senior citizens all that much. But the reality is, there are a lot of senior citizens living on very, very small fixed incomes. And they just—you know, it is an issue of concern or pride on their part in not signing up for programs.

So, many of the people that we are talking about here—maybe not many, but some of the people we are talking about here are senior citizens who have concerns.

Mr. DICKS. And, as you said, the best way to reduce the SNAP program and unemployment and other things is to get people back to work. And we have to keep pushing on the economy, you know, to do the programs that are going to help grow the economy, and then these supplemental programs aren't necessary.

Secretary VILSACK. Getting people back to work and making sure that the jobs we are creating are good-paying jobs. And I think the President's attitude about "made in America" is absolutely right, and American energy, absolutely right. Those are where we see opportunities for us. And, you know, we want to do our part at USDA.

The bio-based economy is one thing I wish we could talk a little bit more about today. There are just tremendous opportunities for small-business development using what we grow, and a renewable source, to reduce our reliance on foreign oil and to create new opportunities, particularly in rural areas. There are tens of thousands of jobs, I think, in that area that we are going to try to continue to encourage at USDA.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. KINGSTON. Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

I am going to speak fast. I have two questions I want to get to. One is on poultry inspection, and one is on trade.

SNAP PARTICIPATION

But just a couple of points. And I have mentioned this to Mr. Nunnelee as he went to vote, so it is nothing he hasn't heard. But the fact of the matter is, in Mississippi—and this is SNAP data as of December 2nd, 2011. At a time when there was in Mississippi 21 percent either unemployment or underemployment, 16.5 percent of the population was kept from going hungry because of the food stamp program.

I might also indicate—I wish Mr. Rogers were here. This is, “Where Americans most rely on government benefits,” which is an article that appeared not too long ago in the press. Owsley County, which I believe is in Mr. Rogers’ district, residents get more income support per person than any other place.

I state these facts only essentially to say, we are in the most difficult economic times we have seen since the Great Depression. And to skate around that issue and not understand the value, the value of these programs which, in fact, are feeding people. One out of five kids in the United States—I am not talking about overseas—is at risk for being hungry and going to bed hungry every single night.

We have an obligation and a responsibility because we are here and we have the program that can deal with these issues. And we should be—and an error rate that is at 3.8 percent, I defy most programs that we deal with in the Federal Government that have that kind of an error rate. So we should continue to do what we are doing in the food stamp area and make sure that the one out of four and those who are eligible are able to participate.

POULTRY INSPECTION

Poultry inspection, Mr. Secretary. A dramatic change that was announced—in my view, a dramatic change. You know where I am on modernizing our food safety system—inspector flexibility, more efficiency. I will just say that I think that we can't do that at the expense of food safety or worker safety. Because I believe we should be protecting public health, and I, for one, would not support shifting to company-based inspections. I read the proposal. I want to give the agency the benefit of the doubt. But I am concerned about this proposal and the whole issue of protecting the public health.

I also was taken aback, though, by the emphasis on cost savings in the announcements of the proposed rule and am somewhat skeptical, you know, that that results in an immediate and dramatic decrease in inspectors and processing plants.

The HACCP Based Inspection Models Project—HIMP—program has been a pilot program. GAO said—and they were highly critical of this program. Now we are going to implement the program across the country without an independent review of verifying that it improves food safety. This is a proposed rule, and I don't know how we can prejudge the outcome by assuming savings next year from it.

I need you to walk me through the cost estimates that the agency has used and the number of illnesses you expect it to prevent. What will the impact on illnesses be, on *Campylobacter*? And can

we strengthen the rule, make it similar to Salmonella Initiative Program—SIP—by requiring that each plant that decides to transition to HIMP allow Occupational Safety and Health Administration—OSHA—into the plant so we can track worker safety implications of the line speeds and other aspects of HIMP that you think we should allow?

Will the National Institute for Occupational Safety and Health—NIOSH—report that the GAO recommended in 2005 finally begin? Will the openness to NIOSH employees be incorporated into the process for allowing facilities to opt in to HIMP?

So I just think, if we are going that direction, given that we have reports that say that these inspectors were not allowed into the plants to track the data, that if you are going to do that, then we have to have the data on which to see whether or not this is moving.

Ms. DELAURO. We know line safety. We have dealt with this issue over the years and how—you know, I don't have much time or you don't have much time to answer the question, big issue.

And I hope we will have another round so I can ask about trade, Mr. Chairman.

Secretary VILSACK. Fifty-two hundred illnesses, we believe, will be prevented. This process was peer reviewed; and, you know, we have confidence that there will be a safer product at the end of the day. The inspection that is to be forthcoming by the industry is really basically on the cosmetic side in terms of identifying bruises and things of that nature. It is going to allow us to transition roughly 1,500 people to more serious reviews of safety initiatives in the plants, which we think will actually result in safer food.

Your point about worker safety is well taken, and obviously we are concerned about that, and that is why we will be conducting a sort of a review and study to ensure that the additional line speed is not going to create additional problems.

Ms. DELAURO. This is 2005, Mr. Secretary. Health and Human Services—HHS—agreed that there was a need to study the relationship between line speed and musculoskeletal disorders and other injuries in the meat industry, stated that it would direct NIOSH to conduct such a study. The agency noted, however, the difficulty its staff have had in the past in gaining access to meat packing plants to conduct the research. And this study, as far as I know, has never been done.

Secretary VILSACK. I think we are in the process, Madam Chair—I may be corrected on this. We are in the process of making sure that NIOSH is involved in this.

Ms. DELAURO. We will continue to speak about it.

My time has expired. Thank you.

Mr. KINGSTON. Thank you, Ms. DeLauro.

And I think what the chair wants to do is, rather than just go back and forth, let me do two of you all and one of us, because more of you came back, if that is all right.

Ms. DELAURO. Sure. Thank you.

SNAP IMPROPER PAYMENTS

Mr. KINGSTON. What I wanted to do, get back to the subject of food stamps, and something that maybe we can agree on, and that

is the fraud. And while the error rate is low, the fraud rate is \$5.4 billion, and that is according to the 2011—excuse me, improper payment, which has to do more with, I think, some of the end users and some of the store vendors, but it is \$5.4 billion. It is outlined on page 28 of the 2011 Annual Performance and Accountability Report. And the year before—

Ms. DELAURO. Mr. Chairman, just for one second—

Mr. KINGSTON. I will be glad to yield.

Ms. DELAURO. Overpayment or underpayment as well? One has to think about overpayment and underpayment.

Mr. KINGSTON. No, I believe overpayment and underpayment, though, is the error rate, and this is a different number. This is the fraud rate; is that correct?

Secretary VILSACK. Yes. The fraud rate—

Mr. KINGSTON. Okay, excuse me, it is improper payments. But it does have to do with fraud, correct?

Secretary VILSACK. Not necessarily. We separate those two, Mr. Chairman.

Mr. KINGSTON. Well, I will tell you who brought it to us is the Office of Inspector General—OIG.

Secretary VILSACK. Well, what I can tell you is this—on the issue of overpayment and underpayment, we are continually improving our process and are continually improving the results. And that error rate has gone down substantially over the last decade and in this administration continues to go down. I think we are at 3.6 percent, if I am not mistaken, 3.6 percent on the error rate.

On the fraud, it is less than 1 percent. We have benefited from the Electronic Benefit Transfer—EBT program in terms of our alert system being able to identify problems with fraud.

Last year, we did 840-some thousand reviews of individuals to determine whether or not they were misusing the program. Roughly 44,000 people were disqualified as a result of those reviews; and almost a thousand businesses, I think, were impacted in terms of their ability to continue doing business with SNAP as a result of those reviews.

We have announced recently an accelerated effort, an improved effort on the Alert Program, which we hope will drive down that fraud rate even further.

Mr. KINGSTON. I think what we would like to see—and this would be something that I think everybody on the committee would support—is if you have gone from \$5 billion to \$5.4 billion and then this year your administration really hasn't—this is probably the year that we see more of the results of your leadership. Then if that number goes down and you can show us what you are doing, I think that would be something that everybody would be very supportive of.

Secretary VILSACK. Well, it has gone down, I think, the last 3 years.

Mr. KINGSTON. Well, it is still 5 million—excuse me, 5 billion in 2010 and then went to 5 point—yes.

Ms. DELAURO. Would the gentleman yield for 1 second when you are done with your question?

Mr. DICKS. Let's get this accurate.

Mr. KINGSTON. Okay. Is that a USDA-wide figure and not just for SNAP? Or do you know? Is that for everything or just for SNAP? But it is on page 28 in your annual performance.

Secretary VILSACK. The error rate, based on the 2011 numbers was 3 point—on this document, it is 3.8 percent, but I think we had some refinement on this at 3.6. But that is the overall change.

Mr. KINGSTON. In the error rate.

Secretary VILSACK. And then the question is what percentage of households—households is 5.8 percent. So you may be talking about households, the number of households?

Mr. KINGSTON. Actually, what I think it is is error plus fraud. Would that be correct, Dr. Merrigan?

IMPROPER PAYMENTS OF USDA PROGRAMS

Ms. MERRIGAN. We also have a number in there that is across all of our programs for improper payments.

Mr. KINGSTON. So that might be the across-the-board number, and that is 5.4.

Mr. DICKS. That includes error. Are they separate? Error is one?

Ms. MERRIGAN. When we report the improper payment rate for the SNAP, it includes both under and overpayment. So the underpayment, it is not fraud, but that is—the 30 percent is the underpayment that you are referencing.

Ms. DELAURO. Yeah, can you yield for a second, Mr. Chairman?

Mr. KINGSTON. Yes, absolutely.

Ms. DELAURO. Because, on the issue of improper payment, you know, look, you want to find out where there are improper payments wherever you know they exist.

Mr. KINGSTON. Yes, and that is the point—

Ms. DELAURO. Correct. I understand.

Mr. KINGSTON [continuing]. Is that one area where I think everybody can come together—and I know the Secretary and I have had lots of conversation about things like this. Wherever we can all agree, we need to agree.

And one of the things that when he talked to me about his reorganization, you know, my reaction was we are on board. We want to work with you. And wherever we all, you know, can identify waste or something like that and there is good faith, then we should do it.

Ms. DELAURO. I concur. That is why I think it is important, if I may comment on the error rate. The SNAP error rate is lower than many other programs at the USDA. And according to the chief financial officer at USDA, crop insurance has an error rate of 4.7 percent compared to the 3.8 or the 3.6 for SNAP; and they reported the overall improper payment rate at USDA as 5.4 percent, which is what you were mentioning before.

But another recent report—this is one from the Office of the Inspector General at USDA—found that five programs—I can list the programs—operated by FSA had a combined error rate of 13.9 percent. It is 3.5 times as high as the SNAP error rate. There is always a great focus, which is why I mentioned—and we ought to take a look at your error rates or what would that—

Mr. KINGSTON. Which is the only thing that I am raising is that there are so many things in which we can agree that I am trying to get out of the territory of—

Ms. DELAURO. Well, I appreciate that. Because the emphasis, quite frankly, historically, for the number of years that I have served on this committee, has been a prime focus on one that was called the food stamp program and now called the SNAP program and, quite, frankly a lot of good hard work was done—

Mr. KINGSTON. Okay, then let me reclaim my time from my friend.

Ms. DELAURO. Mr. Chairman, I appreciate that.

Mr. DICKS. Mr. Chairman.

Mr. KINGSTON. Let me yield Mr. Dicks time which has long expired.

Mr. DICKS. I am done.

Mr. KINGSTON. The point being is that I am trying to find common ground here, and I want to go after that 13 percent with you. Let me promise you that.

Secretary VILSACK. Mr. Chairman.

Mr. KINGSTON. Do you want to enter into this, Mr. Secretary—at your own risk?

Secretary VILSACK. I do. I want to reassure the committee that we are very focused on trying to reduce error rates, fraud rates, underpayment, overpayment in all of our programs and see, I think, progress in most of these areas in this administration in terms of reducing those rates. We are committed to this, and we will continue to be committed to this.

Mr. KINGSTON. Yes, and I think that that is what we want to do. We want to look at that OIG report.

Mr. DICKS. Mr. Chairman, just briefly.

Mr. KINGSTON. Mr. Dicks.

Mr. DICKS. You mentioned 5.4 million.

Mr. KINGSTON. Billion.

Mr. DICKS. Billion. I want make sure to clarify what that number is.

Mr. KINGSTON. Page 28 of the 2011 Annual Performance and Accountability Report, and it is improper payments for all payments.

Mr. DICKS. It can't be \$5.4 billion.

Mr. KINGSTON. It is across the board.

Do you guys have that? Mr. Young might have that number.

Secretary VILSACK. Here, Mr. Chairman, let me give you this. This is the list that we have, and it is basically—it is 5.37 percent, percent, of all of our programs. We take all of our programs and you ask the question what is the overall error rate.

[The information follows:]

USDA
2010 - 2011 Improper Payment (IP) Sampling Results
(Dollars in Millions)

Agency	Program	FY 2010 Results		FY 2011 Results	
		IP%	IP\$	IP%	IP\$
FSA	Marketing Assistance Program	0.81%	\$35	0.52%	\$16
	Milk Income Loss Contract Program	0.66%	5	2.00%	4
	Loan Deficiency Payments	0.44%	0.5	N/A	N/A
	Direct and Counter-Cyclical Payments	0.96%	56	0.05%	2
	Conservation Reserve Program	1.20%	24	1.77%	27
	Miscellaneous Disaster Programs	4.60%	5	2.90%	7
	Noninsured Assistance Program	11.65%	7	8.97%	8
Total, FSA			133		64
FNS	Supplemental Nutrition Assistance Program	4.36%	2,195	3.81%	2,465
	National School Lunch Program	16.28%	1,453	15.98%	1,716
	School Breakfast Program	24.87%	630	24.96%	705
	Women, Infants and Children	1.17%	76	4.13%	192
	Child and Adult Care Food Program	0.99%	9	1.53%	14
Total, FNS			4,363		5,092
RD	Rental Assistance Program	1.39%	14	1.48%	15
RMA	Federal Crop Insurance Corporation Program	6.05%	525	4.72%	247
NRCS	Farm Security and Rural Investment Act Prog	0.41%	6	0.80%	11
	USDA TOTAL	5.37%	\$5,040.5	5.37%	\$5,429.0

Mr. BISHOP. Not dollars, not dollars.

Mr. DICKS. That is what I want to get straightened out.

Mr. KINGSTON. I tell you what, let me double-check this; and in the meantime—but we are in general agreement that this is a good thing to discuss.

And then I want to say, what I really believe, here in this town we need to use the same yardstick for everything; and there is a tendency of one group to support military and another group to support social spending and use elastic rulers on it.

Secretary VILSACK. Mr. Chairman, 5.37 percent equals \$5.4 billion. That is all of our programs.

Mr. KINGSTON. So you are all right. It is \$5.4 billion.

Mr. DICKS. I want to ensure it is all of the programs, not just some. Because we were all talking about food stamps.

Mr. KINGSTON. Okay, we are all going over for vegetarian pizza at Rosa's tonight. She is buying.

Ms. DELAURO. No, we don't do vegetarian pizza.

Mr. DICKS. She is Italian.

Mr. KINGSTON. Okay, Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

NIFA MANDATORY PROGRAMS

I want to go to some of the research, education, and economics. There were five key grant programs that the administration didn't request any funds for that are housed in NIFA; and your budget for 2013 did not include those five key grant programs which focus on priorities for the President, including organic agriculture, specialty crops, biomass research, biodiesel fuel, and beginning farmers and ranchers.

It is a combined total budget of \$130 million in fiscal year '12 that was zeroed out in the request for 2013, and there was a note that these programs are subject to reauthorization in 2013, which obviously would suggest and underscore the need for a Farm Bill. But because you didn't request it, is that because those are no longer priorities by the administration?

Secretary VILSACK. No, sir.

Mr. BISHOP. In September, if we don't have a Farm Bill, those programs will totally lapse. Is there another way that you will be able to continue funding for those? And wouldn't it be better if, rather than just zero those out, that they were reduced on a gradual basis, as opposed to one fell swoop?

Secretary VILSACK. There are many areas of this budget that require reauthorization, and we want to remain somewhat consistent in terms of our approach.

Obviously, if, for whatever reason, September 30 comes and goes, perhaps it would be addressed by a decision that you all would make in the budget, perhaps it would be addressed by what decisions you all make on the Farm Bill, or perhaps it would be some other vehicle that you would use. Or we would take a look at our current existing programs that are adequately funded and determine whether or not within those existing programs we could either carve out resources or ensure that in the competitive grant process awards were made in these particular areas.

So I think we have lots of options here, but our preferred option would be for Congress to get us a Farm Bill. And I think that is the preferred option of folks out in the countryside, is that they would like to have some degree of certainty about what those rules are going to be, and hopefully this year rather than next year, because it is not going to get any easier to do this next year.

Mr. BISHOP. Thank you.

FOOD AND AGRICULTURE DEFENSE INITIATIVE

Again, with NIFA, you have, I guess over the last decade, really, supported the agriculture defense initiative which supports three programs—the National Plant Diagnostic Network, the National Animal Health Laboratory Network, and the Extension Disaster Education Network; and each of those programs—through those programs awards are made to various regions of the country. And, of course, the effectiveness is their ability to protect the Nation from the spread of pathogens and diseases and to deliver services to people that are affected by disasters. But it depends upon the quality and the comprehensiveness of the networks that they maintain.

And I wanted to ask whether or not and to what extent the 1890 land grant universities are participating members of these networks; and, to the extent that they are not, what efforts are under way to make sure that they are participating members of the networks? Because, obviously, that would enhance the performance.

Secretary VILSACK. Mr. Bishop, I don't know that I can answer your question specifically in terms of their participation. We will be happy to provide that to you.

[The information follows:]

The National Plant Diagnostic Network and the National Animal Health Laboratory Network were developed, of necessity, from facilities and expertise already existing within state and university plant pathology and animal disease diagnostic laboratories. Few 1890 land-grant institutions had the necessary facilities or expertise to help support this national effort at the time the two networks were established, and the current scope of the Food and Agriculture Defense Initiative has precluded the development of new facilities at these institutions.

However, there has been significant involvement of 1890 land-grant colleges and universities and 1994 land-grant colleges in the Extension Disaster Education Network. This effort is conducted in partnership with Cooperative Extension and is focused on disaster prevention and preparedness. There is active involvement of minority-serving institutions in the Network's membership and in all of its disaster education programs. Two notable examples are the involvement of more than a dozen minority-serving institutions in the implementation of the nationwide program Strengthening Community Agrosecurity Planning, an on-going effort to help individual counties develop or improve their Agriculture Emergency Plans, and the six institutions participating in the pilot program of the Animal Health Network, an on-going effort to link disease communication networks with non-commercial farms.

Secretary VILSACK. Let me just simply say that we are making every effort to include the minority serving institutions in a number of programs that in the past they have not necessarily taken full advantage of or participated in. Specifically, as it relates to the competitive grant process under NIFA, we are working hard to include more minority serving institutions in those grants, and I think you will find that we have done that in the last couple of years.

Mr. BISHOP. Okay. On the defense initiative and on the research, I mean, are you going to have enough funds—

BEGINNING FARMER AND RANCHER PROGRAM

Oh, I know what it was I wanted to ask you about, the new farmer program, the young farmer program. Obviously, there is a difficulty because the average age of farmers has gone up. We are not replacing farmers as fast as we need to. And, of course, you have, I think, budgeted for outreach \$19 million in grant funding for that purpose, and I wanted to ask you if that was enough.

Secretary VILSACK. I think the key here is for us to understand the totality of what we need to do and what we can do. Outreach is part of it, making sure that we continue to work through FSA and the expansion of credit to beginning and socially disadvantaged farmers. Roughly, I think, 40 percent of our loans went to beginning farmers or socially disadvantaged farmers. It might even be a higher percentage than that in many areas of the country. That has to continue.

As we look at the Farm Bill, I think more attention has to be paid to how we provide incentives and help for these folks, looking at our crop insurance programs and determining whether or not there needs to be an acknowledgment that it is a little different if you have been in the farming business for a year or two and you have a disaster versus somebody who has been in the business for 20 years.

I also think you need to look outside the Farm Bill, outside this budget. I think you need take a look at the taxing structure and whether or not we can figure out ways in which it would encourage people to transfer and sell land, not having to wait for the stepped-up basis that you get within a safe tax situation but looking at ways in which—

SURPLUS EQUIPMENT AND FACILITIES

Mr. BISHOP. Can I just observe, follow up one bit?

There are some proposals with the deficit reduction for the Federal government to reduce its inventory of property, of land; and I think a part of your small, disadvantaged, young farmer program would give priority to those categories for surplus USDA property and equipment.

Mr. KINGSTON. And this is a really good discussion, but you are way over time.

Secretary VILSACK. Could I just have 30 seconds on this? Because this is really important.

Mr. KINGSTON. Sure. We are going to have another round.

Secretary VILSACK. Okay. When we deal with closures of labs, there is a lot of land associated with that. There is a fairly restrictive set of steps we have to go through in terms of disposal of land that you all ought to be looking at to give us more flexibility so that we can use those resources to help give disadvantaged beginning farmer opportunities. Because there are thousands of acres here.

But I will tell you we do not get the best bang for the buck in terms of that process; and this, I think, is a very important issue that this committee—we would be happy to work with you on.

Mr. KINGSTON. I think we would be very interested in that, particularly with all these closures out there. Because I think most of the communities want to keep that space in production agriculture, at least green in terms of the use of it.

Ms. Kaptur.

Ms. KAPTUR. Thank you very much. Thanks for the great job you all do. We love the Department of Agriculture.

SNAP BENEFITS AT FARMERS MARKETS

I wanted to just mention we read where one of your key performance measures for 2013, Mr. Secretary, is to increase the amount of SNAP benefits redeemed at farmers markets, really happy to see that, and we will ask for the record how you intend to accomplish that. We won't ask you to reply now.

[The information submitted by USDA follows:]

It is a USDA priority to ensure that SNAP participants have access to the fresh and nutritious food available at farmers' markets. USDA looks for opportunities to embrace farmers' market participation, and to leverage their ability to reach potentially eligible clients, and to perform nutrition education activities. And we have met with success. Over the last three fiscal years:

- The number of direct marketing farmers and farmers' markets participating in SNAP has more than tripled. The number increased from 753 in FY 2008 to 2,445 in FY 2011.
- Total SNAP redemptions for farmers' markets and direct marketing farmers have quadrupled from \$2,740,236 in FY 2008 to \$11,725,316 in FY 2011. This latter amount is 55 percent more than in FY 2010 (\$7,547,028).

USDA has streamlined the waiver process that farmers' markets must pursue to implement a scrip or bonus incentive demonstration project. The scrip project allows markets to redeem benefits for all vendors at the market using only one point-of-sale device to issue scrip, token, or receipts. Incentive projects provide matching "bonus" dollars for purchases made with SNAP benefits. The incentives, funded largely by private foundations, non-profit organizations and local governments, are structured to improve the purchasing power of low-income families at farmers' markets. The streamlined waiver process not only simplifies the process for farmers' markets, but reduces the SNAP State agency requirements as well.

The FY 2012 USDA appropriations include \$4 million to support the purchase of wireless electronic benefit transfer (EBT) equipment for farmers' markets. Under regular SNAP rules, EBT equipment is provided free of charge and the expense is shared by the SNAP State agency and FNS; however, farmers' markets often cannot take advantage of such equipment because it requires electricity and a phone line. This funding will alleviate a major barrier to participation. This funding will also complement the Farmers' Market Promotion Program grants administered by USDA's Agricultural Marketing Service.

LOCAL FOOD SALES

Ms. KAPTUR. Also, the 2008 Agricultural Resource Management Survey showed that local food sales are highest in urban areas, and we will ask for the record does USDA plan to devote any resources to help connect local food producers to additional urban areas where sales are likely to be strong?

[The information submitted by USDA follows:]

USDA has a range of resources to help connect local food producers to urban areas, including farmers' markets, food hubs, and community supported agriculture. In 2011, 54 out of 55 U.S. States and Territories requested AMS funding for projects related to local and regional foods through the Specialty Crop Block Grant (SCBG) program. With support from the FMPP, SCBG, the Federal-State Marketing Improvement Program grants, we have seen a 54 percent increase in the number of farmers markets since 2008, to 7,175 at the end of 2011. Over 1,200 markets operate through the winter nationwide, an increase of nearly 40 percent since 2010. Winter markets help reduce some of the volatility in farmers' seasonal incomes

while improving year-round access to local foods. Our Farm to School Team is another example of our efforts to link local and regional producers with school food assistance programs.

LOCAL AND REGIONAL FOOD SYSTEMS

Ms. KAPTUR. And then, finally, in terms of your budget requests for 2013, you call for increasing funding for the Agriculture and Food Research Initiative to \$325 million, which is an increase of \$60 million. And one of the areas that the funding would be used for is nutrition and health, specifically developing and increasing the consumption of healthy foods. Given that vegetables, fruits, and nuts account for 65 percent of local food sales, does the Department have any plans to help support local food sales should Congress increase funding for this initiative?

Secretary VILSACK. Do you want me to answer those or—

Ms. KAPTUR. No. The first two you don't have to, I will ask for the record, but just the third one there.

Then I have a question about Lake Erie.

Secretary VILSACK. Well, we are working across the board in most of our programs to figure ways in which we can do a better job of creating local and regional food systems.

And I think, again, to focus on the report that is forthcoming under the Know Your Farmer, Know Your Food Initiative, I think you will see that there has been quite a bit of work through many of our programs, through the specialty crop grant program, through the Farmers Market Promotion Program, through the community facility grant and loan program, through research initiatives, through NIFA, throughout the entire Department, we are engaged in this. Because it is another strategy for expanding domestic markets. It is another strategy for bringing vitality back into rural areas. And we are doing a better job of connecting institutional purchasers with those opportunities. Our farm to school program, for example, is an example of linkage between local production and local consumption. So there is a lot of work in this space.

URBAN FOOD DESERTS

Ms. KAPTUR. Does your Department encourage future farmers in urban food deserts? Is there any initiative that you have for the States and our land grants to really look at new farmers in places that have historically been ignored?

Secretary VILSACK. Well, I mean, I think that is—I referred to earlier the NIFA grant that the city of Cleveland is receiving, and that is basically a fairly significant opportunity for community gardening, which is a form of urban farming.

Ms. KAPTUR. Yes.

Secretary VILSACK. Our resources and our ability to utilize rural development resources in urban centers is somewhat constricted by a wide variety of rules and regulations, but we think that there are opportunities in aquaculture, for example, to take old factory buildings and to convert them into hydroponics. There are opportunities there as well.

I think there are a number of cities, major cities, the city of Chicago—I talked to Mayor Emanuel about this. He is very interested

in creating a center in Chicago. Obviously, we are doing work in Detroit, Cleveland. I think there is a lot of interest in this space.

Ms. KAPTUR. Yes, and I would just like to say, you know, for those of us who actually grew up in the civil rights era, it seems kind of unusual to me that production agriculture is doing very well in the countryside and yet what we leave urban dwellers with is stamps. You can't eat a stamp.

And, yes, you can take it—in places like I live, you can take it to the beer dock at the corner and buy Doritos and candy bars. And then what they do is they sell you cigarettes that cost 25 cents apiece. It is illegal to sell them individually, but they do that.

And so we have vast sectors of our community where, even though you have stamps, you can't eat those. And if there are no stores there or if there are just limited packaged processed stuff with high salt, high sugar, we have a self-fulfilling prophecy.

So I would just like to raise the consciousness of the Department that food production should occur in many places. It used to be that way in America. We used to have truck farms right close to cities, and then it got pushed further and further away. And I think there—frankly, I think there is a real racial component to this.

It isn't your fault, sir. I am just telling you the way the system has moved over the years, and we appreciate your consciousness and the President's and the First Lady's consciousness. You are leading us to a different America and a much better and healthier America.

Secretary VILSACK. I appreciate that, Representative. We are financing—helping to finance grocery store construction as well as mobile units that will travel in rural areas and urban centers to provide healthier opportunities. And, again, we have seen a significant expansion of farmers markets, which I think are important.

Ms. KAPTUR. Yes, and I think you know our food banks. We should be handing out seeds at our food banks.

We have developed in Toledo our urban growth systems where people in the neighborhoods, high Latino speaking, Spanish speaking neighborhoods come. They pick every pepper down to the ground when we plant these. And all these senior citizens—you mentioned that, Mr. Secretary—senior citizens on Social Security who qualify for SNAP. You know, there is a lot of hungry people out there in this economy.

So I know what the regulations currently call for. But America has been a country, an "I can" Nation, adjusting to new realities; and the new reality is that we have large numbers of unhealthy and resource-strapped people living in these urban areas, trapped. And it almost seems to me like a prejudice that production agriculture is doing very well, but we have these vast pools of people in the Toledos, Detroit, Lorains, Sandusky, Cleveland that the President talked about in his speech; and I appreciate the Department muscling up and seeing them. And we need to do better as a country.

I represent both rural and urban, and it shouldn't be this tough in urban areas to get good lettuce, and it shouldn't be this tough to get good food into these school systems.

So I thank you very much for listening; and I thank you, Mr. Chairman, for your endurance.

Mr. KINGSTON. Mr. Nunnelee.

Mr. NUNNELEE. Thank you, Mr. Chairman.

FOOD DESERTS

Mr. Secretary there has been some discussion about food deserts. Just, in general, what are the criteria to become a food desert?

Secretary VILSACK. Well, it depends on whether you are talking about an urban or suburban area or a rural area, Congressman.

In a city, if you are a mile or two away from a grocery store, that is a food desert. If you are in a rural area, you might be as much as 20 miles away from a grocery store that services you.

On our website, we have a food desert locator, which gives you an indication of where those food deserts are currently located; and we are using our programs from the specialty crop block grant to the beginning farmer and development program and our research programs to try to address that along with Health and Human Services and the Treasury Department. The new market tax credit, for example, is being used to fulfill a need.

And we have also reached out to grocery store chains and suggested that they need to rethink their whole notion of charitable contributions. Instead of providing a community a check, maybe it would make sense for them to locate a grocery store and maybe not operate it at a profit but operate it at break even opportunity.

So there are a number of strategies that are being employed here.

Mr. NUNNELEE. Well, the only reason I ask, recently, Oxford, Mississippi, was labeled as a food desert. Oxford is a great town. I spent a lot of good afternoons and evenings there. But we had a newspaper headline that said, Oxford, Mississippi, a food desert, on what planet? And maybe we could just explore—

Secretary VILSACK. Well, you can have—they are great cities that have wonderful opportunities, but there may be an area of that city or a neighborhood of that city where you are miles away from a grocery store, and that basically puts you in a position where you would be classified as a food desert.

Mr. NUNNELEE. Okay.

FARM SERVICE AGENCY OFFICE CLOSURES

And then the chairman—shift gears—the chairman talked about the plan to restructure the Farm Service Agency. And I acknowledge you have got a tough job. We all want you to save money. We just don't want you to save money at home.

And you are implementing what was charged to you under the '08 Farm Bill. We talked about how the '08 Farm Bill requires you to take into account the distance from existing facilities, take into account the number of employees. One area that I am concerned about are the decisions that are being made on FSA, do they take into account caseload and farm program enrollment in the offices that are being closed, and is that used as a criteria?

Secretary VILSACK. The criteria is primarily the 2008 Farm Bill criteria. And our view is that the work is still going to get done. It is going to get done at an adjacent office or, as we invest more in our resources for technology, it is going to get done at home. And

the goal here, obviously, is that at some point in time for farmers to have more convenient opportunities to access programs.

Mr. NUNNELEE. So my response in Mississippi, if FSA office A has a higher caseload and that is being closed and FSA office B has a lower caseload and it remains open, it is that you were utilizing the criteria that you were given in the 2008 Farm Bill.

Secretary VILSACK. Right. And I would say in response to that, if that is the case, then you have got a circumstance where one office is being underutilized; and if we have more than two or three or four or five or six employees in an office that has less of a caseload then it makes sense to consolidate them so that you get better service for fewer dollars.

BIO-PREFERRED PRODUCT PROGRAM

Mr. NUNNELEE. Okay, and then one final question on leaf standards in forest products. The goal of the program, as I understand it, is to increase the purchase and use of bio-based products. The forest products in Mississippi are pretty important, and it looks to me like this criteria is leaving out traditional forest products. USDA is citing congressional intent to focus on new products, and it has led to the exclusion of most forest materials. And can you just give me some insight as to how USDA made that decision, and aren't you picking winners and losers in the forest product category?

Secretary VILSACK. Well, the bio-preferred product program was primarily for new market opportunities and not necessarily for mature market opportunities. So that is essentially the reason.

Having said that, you know, one of the things we have done in the Forest Service is promote a green building opportunity so all of our new construction is going to be embracing wood.

We have also just recently announced a restoration initiative which is designed to do a better job of increasing board feet utilization. We want to get to 3 billion board feet, which will increase new opportunities for the timber industry.

And then, finally, we are also working to try to create opportunities for woody biomass in terms of energy and fuel production.

So, I mean, there is a lot of activity going on, but the biopreferred program was primarily for new market opportunities, not necessarily for what we would consider mature market opportunities. And that is based on our reading of what Congress wants us to do. If you all think it ought to be different, then I am sure you will tell us.

Mr. NUNNELEE. Thank you so much.

Mr. KINGSTON. Mr. Farr.

Mr. FARR. I have a couple of questions.

WIC SHORTFALL

One on the WIC shortfall, the letter you sent us pointing out that States have indicated there is going to be a shortfall in the WIC funding and that we need to reprogram, I think, \$400 million into the WIC program. Two of the leading States in the shortfall are the chairman's State and my State of California, a \$77 million shortfall.

What would happen if these States start turning away eligible applicants if we don't get you that \$400 million, and how soon do we have to get it to you?

Secretary VILSACK. Representative, I don't know that I have a specific month or date, but I will be happy to get it to you.

[The information follows:]

According to information received from the States, both Georgia and California have indicated that they would need additional WIC funds by April 1 to avoid wait-listing new WIC participants.

Secretary VILSACK. I will say this, that as numbers increase it is clear to us that we are going to face a point in time when waiting lists will occur, which we don't want. We think we can take money from this——

Mr. FARR. How do you put pregnant women on a waiting list? You tell them to hold their baby?

Secretary VILSACK. No, we are hopeful that you will take action to make it happen.

Mr. FARR. So we don't know exactly when the waiting list starts.

Secretary VILSACK. There is someone in our world who knows. The reality is we wouldn't be asking you for this if we didn't need it, and we wouldn't be identifying a source which we don't think will jeopardize the ability to feed hungry folks.

Mr. FARR. Well, I guess the urgency of the transfer authority that the chairman has, how soon do you need it? I mean, is this——

Secretary VILSACK. Well, we wouldn't be asking for it if we didn't need it right away. And the chairman has asked for supporting information. We will get that to him this week or next week, probably next week.

Mr. FARR. Hopefully, we can move on that and get that material in.

LIGHT BROWN APPLE MOTH

The other issue I would like to address is that, you know, we have these invasive species. One is called the light brown apple moth which originated in Australia and New Zealand. The United States made a big deal, not only in this country but throughout the world, that this was a bad pest that merited intense response and that we wouldn't allow any product from any country that had this without thorough review and analysis and treatment.

So, lo and behold, the pest ends up in California. And the treatment we were going to do, the State proposed, was spraying with helicopters and all kinds of things that drove everybody mad. The State legislature took action. They have defunded the program. At the same time, the USDA has indicated this pest isn't—we are not going to go out and try to eradicate it in the ways that we have in the past. We are going to live with it.

So the question is, what are you going to do to work with us in California? You have to ship that product to other States and to certainly to other countries to make sure that we can get those products in. I mean, here one time we tell everybody that they shouldn't even be accepting any products with this background and now we have got it.

So you can't just defund and walk away from a program without changing the protocols and regulations that we have established. And I would appreciate any kind of super energy that you have got so that we can get our product to market.

Secretary VILSACK. I am not sure it is correct to say we are defunding the program. We are asking for \$9.4 million that would be used for the treatment of light brown apple moth. And in fiscal year 2010 we went to this system of basically trying to contain, as opposed to eradicate; and part of what we have done and what we will continue to do is establish quarantine areas so that we don't necessarily create trade issues.

Mr. FARR. But will you abandon the production facilities where you were trying to breed sterile light brown moths?

So it is a major change in position. The problem that growers have is knowing what the rules of the game are going to be in order to get their product in the market, and are they going to continue for the rest of their lives to have to go through this extra expensive protocol? They have to pay a lot for it, too. It is not just that we subsidize it all.

Secretary VILSACK. Well, I am not sure that there has been a significant shift this year. I think that occurred several years ago.

Mr. FARR. Well, then, also the State has defunded it. The legislature has just removed the monies.

Secretary VILSACK. I got a hard enough time managing this Department without managing the State of California.

Mr. FARR. Well, no, but the regulations—it is Federal regulations to drive this system, not State regulations. The listing of the light brown apple moth is a—

Secretary VILSACK. The problem was the way in which it was being handled in the past was causing some serious issues with landowners, and so they came to us and said this whole spraying thing isn't going to work so we have to look at ways in which we can—you know, the folks at Animal and Plant Health Inspection Service—APHIS—look at ways in which they can contain something.

Mr. FARR. No, I am totally involved in all of that, and you were very helpful in all of that. But I said what happens now is the State is changing its position, the Feds have changed their position. You still put at risk, as long as the label is out there, that this light brown apple moth is a bad creature, and you don't want any product from where it is, where it has been invasive.

And we have got to start figuring out how to change those protocols if we are going to change our attitude on how we are going to respond to it in the infested areas where you are leaving the growers and the producer without any ability to respond. There has got to be an escape hatch here. I really need to have you work on that.

Secretary VILSACK. Well, we are providing \$9.4 million dollars of assistance, and that is just slightly less than what we provided last year—or proposing in this budget. So I am not quite sure what—

Mr. FARR. So that is going to go mainly to inspection for the rest of our lives.

Secretary VILSACK. Well, you know, I think you have to realize that at least according to what APHIS tells me, there are some things that you could spend a billion dollars on and you are not

necessarily going to eradicate it. So you have got to find out ways in which you can contain it.

Mr. FARR. But you also have within the science community of how destructive a pest this is and many of them feeling that it has been in California for a long, long time and it hasn't been a problem.

So, I mean, we don't have time to do it all now. I am just telling you we have got a dilemma. Our law and our procedure at the Federal level is creating this dilemma that California can't respond to; and we need to work to figure out, think outside the box or change the regulations, to listen to new science.

Secretary VILSACK. I think I understand your point, and it is a question of classification. If you can't eradicate it, why classify it.

Mr. FARR. Yes, you have got it. Thank you.

Mr. KINGSTON. Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

TRADE AND FOOD SAFETY

Mr. Secretary, I would like to ask a question on trade. This is about imported food, and roughly 15 percent of our food supply is imported. As you know, the products come from about a quarter million different international establishments, includes about 50 percent of fresh fruit, 20 percent fresh vegetables, and 80 percent of seafood. It also includes an increasing amount of beef, with cattle imports increasing from 2009 to 2010.

You noted in your opening statement that Congress recently approved the free trade agreements in Colombia, Korea, and Panama; and the administration is negotiating another right now with a number of Pacific nations. So I think we both know that it should take a great deal of work for processing plants from another country to export food to the United States.

This critical work would, I assume, require additional resources at the agency, let alone the resources needed to enforce the safety standards. And can you tell me, looking ahead with the budget climate that we are in, how the agency will ensure that any meat or poultry products imported for Americans to purchase and consume are safe and that those imported products meet the same quality standards, for example, organic imports? How will you ensure that this work does not detract from what the agency needs to do domestically and will our ability to know about the risks of produce be affected by the elimination of the microbiological data program?

This is not in your jurisdiction, but just this week we have seen raw sprouts contaminated with *E. coli* making at least 12 people sick in five States. And raw sprouts are one of the produce varieties that are sampled by this critical program. Now that is an issue for, you know, FDA, but the data collection that the microbiological program does is of great value to both the FDA and CDC. So how do we ensure the safety of meat and poultry? How does it not take away from us domestically and the elimination of this program?

Secretary VILSACK. The general response to your question, Representative, is that we are not going to allow something to come into the country until we are convinced that it does, in fact, have equal to or better protections for food safety; and, as you are well

familiar, we are going through this process with poultry processed in China. And we are going through a very elaborate process of audits, of reviews, of visits to facilities, of assurance, of training mechanisms being appropriated in equal, of making sure that language is understood, and that there is a common understanding in terms of language.

And so that equivalency determination is very, very important; and we are very focused on making sure that anything that comes into this country that we have responsibility for meets our own safety standards. And if it doesn't, it is not going to be allowed to come in.

Ms. DELAURO. Well, I understand that, but it is about having the resources that are necessary to be able—

Secretary VILSACK. I mean, I think if there is a concern there, I think it is less a concern about the equivalency than it is perhaps making sure that what we do at the border is appropriate and that we have adequately trained the appropriate resources at the border to do the secondary checks that are done.

As you know, things are checked and then a certain percentage or sample is looked at very, very carefully. So I would caution all of us to make sure that we have sufficient resources at the border.

Ms. DELAURO. Well, I do understand that. I also—and this is not anything that we haven't discussed in the past, but the whole issue of what equivalency is or what equal to is. And when one designates equivalency that, in fact, is based on the audits. And I am going to wait to see about the review, but we know that the review is based on three, four plants, et cetera. But once you grant that equivalency, the door is open to every plant that is engaged in that particular effort. It isn't just restricted to those two or three places that we have had audited and reviewed.

So I will continue to be concerned about this issue, as you know that I am, and with regard—and I have not been one to be hesitant about providing resources, but we are in a different climate and we are in a different environment about the ability to do that.

MICROBIOLOGICAL DATA PROGRAM

Let me ask you about the microbiological data program, which I think is a critical program. I have always believed that, and I have always advocated for it. But now it has been eliminated. If you could just answer that question, it would be great.

Secretary VILSACK. It is just the question of where it is appropriately funded and where it is appropriately consistent with the mission—we don't think it is consistent with the mission of AMS, which is where it currently is housed, and that is the question. You know, as we take a look at our budget, we have got to take a look at our core competencies and what is directly linked to our mission, and that was the decision that was made.

Ms. DELAURO. Well, I would just say this to you. I understand that, but I have taken a very hard look at the FDA budget, and that is not your responsibility. You have your own responsibilities. But let me just tell you about the FDA budget in terms of food safety.

To be quite frank with you—and I have had conversations with Commissioner Hamburg, that it is a disgrace what has been pro-

posed, \$11 million for food safety; and that is a division between food safety and—safety, food and drug. So we are—just a budget that comes forward that talks about that for food safety, gives you some sense of the priority for food safety. Now, it hasn't to be housed in your jurisdiction. I understand that. Does it meet—you don't need it to move forward with your process. But FDA, CDC, sprouts that have hospitalized people just within the last week.

Mr. KINGSTON. The gentlewoman's time has expired.

Ms. DELAURO. I understand that.

Mr. KINGSTON. We will be having another round.

Ms. DELAURO. But this is questionable as to where our priority is on food safety.

Thank you.

CATFISH INSPECTION

Mr. KINGSTON. You know, along that line, catfish falls under FDA and USDA; and there has been a discussion of that. The President in his State of the Union brought up salmon 2 years ago. How is that—is that cumbersome in terms of—are we getting anywhere with catfish?

Ms. DELAURO. Mr. Chairman, just for one second. That was a mistake to remove—catfish was removed from the jurisdiction of the FDA—

Mr. KINGSTON. It was actually done by the Senate. If the gentlewoman would—

Ms. DELAURO. Well, we worked very hard here to keep it from moving from where it was, and now it winds up in the bailiwick of the USDA, and here we are without any determination of where it stands at the moment. It should have stayed at FDA.

Mr. KINGSTON. I don't know if you want to comment on it or not. But that is still out there, isn't it?

Secretary VILSACK. Yes, it is.

And I want to correct the record. I misspoke. I suggested the rule was still at Office of Management and Budget—OMB—. It is still at our place. We are in the process of reviewing the comments on the question of what is a catfish.

Mr. KINGSTON. Yes.

Secretary VILSACK. There are 39 different varieties and how you make that call depends on how extensive or how narrow the rule is, and it has implications for a lot of folks in a lot of different places, so we want to be careful about this.

As it relates to food safety, you know, I think what has happened—and I don't know the numbers, obviously, as well as Representative DeLauro knows them. But I will say that I now think we have some consistency in philosophy as a result of the Food Safety Modernization Act. I think we are all focused on better prevention, we have focused appropriate surveillance and more rapid response, and that is what we are trying to get to at USDA.

Mr. KINGSTON. I want to talk a little bit about overseas. First of all, on my travels, whenever I can, I love to go see a P.L. 480 program or any other USDA program.

And I have to say that the USDA employees that I have had the opportunity to meet with—and these are casual meetings, no power points, it is in the field—they are excellent. They are great employ-

ees, they are scientists, they know what they are doing, they have a great passion.

And if any of the committee members haven't had that opportunity, I just tell you, it is just delightful to talk to them. So I applaud you on that workforce.

TRADE BARRIERS

On that subject, India is a potentially \$300 million poultry market. Mr. Bishop and I have a lot of interest in that. But, as you know, they have confused the high pathogen with the low pathogen and blocked us from exporting to them altogether. Is that a World Trade Organization—WTO/United States Trade Representative—USTR—issue? Can USDA be helpful on it? Or are you guys doing something?

Secretary VILSACK. It is both, Mr. Chairman, in terms of how we go about approaching barriers.

Let me just say that in the last 10 years the number of sanitary and phytosanitary barriers we have had to deal with has increased from roughly 650 to close to 1,500 last year. And the reality is when you are the number one country in terms of agriculture and agricultural production and exports, countries find a lot of different ways to make it more difficult for you. And that is why the Foreign Agricultural Service is important and why USTR is important, is making sure that we knock those barriers down. We have a lot of them that we have to knock down every year.

And some of them are easier. Some countries are more willing to look at the scientific information. Other countries will have a multitude of reasons why they don't think your science is right or why they think their approach is correct. It is very complicated and very frustrating, and we are dealing with some of these issues that have been outstanding for years and years.

The issue of dairy in India is another issue. There is a tremendous market there, but we are just not able to get over the cultural and religious issue in terms of our dairy products and the production of our dairy products and what is being fed to our cattle and how it impacts their view of our dairy products.

Mr. KINGSTON. Well, going back to our mutual interest on trade and also finding common ground in which we can all come together on that, I think that we would be interested wherever we can be helpful on those barriers. I had no idea with the 1,500, but, you know, it is such a great economic opportunity for everybody.

Secretary VILSACK. It is, and you would think it would be a relatively simple thing since you are in the WTO, so why don't we use the power? But it is very complicated to put a case together, to prosecute the case. And even if you get a favorable response, people can string you out in terms of reaction on a favorable determination.

And the USTR has very limited resources, and they are the primary mover of these cases. So they have to pick and choose where they draw the battle line.

Mr. KINGSTON. Well, since I can control this one better, I am not going to ask a question, but, Dr. Glauber, I do want to talk to you about the National Agricultural Statistics Services—NASS—when

we have another round and that February 6 Wall Street Journal article.

Mr. GLAUBER. Sure.

Mr. KINGSTON. What are the issues and problems? And so we can just start there when I get another round.

Mr. Bishop.

Mr. BISHOP. Thank you very much. I have just, I think, one question for the Secretary.

ETHANOL PRODUCTION

In your fiscal year '13 budget, you provide approximately \$6.1 billion in direct loans to support the transformation from fossil fuels to cleaner technologies. I think that is a great investment, but I do have some concerns regarding the future of the ethanol production in the United States as a viable alternative fuel source.

The ethanol plant in my district, which you visited a couple years ago, continues to face financial difficulty. But, of course, that story is similar to many others around the country. And I believe, as you do, that ethanol is one of several alternative fuel sources that we need in order to help ourselves become energy independent.

What are the administration's plans to support and to strengthen this fledgling industry, particularly given the political and the financial pressure that it is facing?

Secretary VILSACK. Well, there are a couple things.

First of all, increasing the blend rate from E10 to E15 and making sure that we are properly dispensing that fuel.

Mr. BISHOP. We appreciate that, too.

Secretary VILSACK. That is one step in the right direction. We want to make sure that is done.

Encouraging a more convenient supply available to consumers through a distribution system that allows you to sort of dial up whatever percentage of fuel you need through a blender pump or flex fuel pump, which is one of the reasons why—

Mr. BISHOP. How do you encourage that, though?

Secretary VILSACK. Well, we use the Rural Energy for America Program—REAP—programs to provide resources and incentives for convenience stores and petroleum marketers to be able to put the infrastructure in place to allow them to do that.

Third is making sure that we work with ethanol producers to find out more efficient ways to produce ethanol using less energy, less water, and greater efficiencies. There is a lot of research that is being done in that area.

BIO-BASED PRODUCTS

We are also expanding beyond traditional corn-based ethanol to looking at a variety of other feedstocks that might be more even efficient and better. We have programs under way looking at algae, switchgrass, woody biomass, municipal waste, citrus waste, agricultural waste, municipal waste. These are all projects that we are helping to fund.

And I think it is important to also understand that there are co-products and byproducts that result from ethanol production, which we want to continue to support.

There is, obviously, a livestock piece to this, but there are also chemicals and enzymes that can be created from this that create new opportunities. In Iowa, there is a facility that is taking the heat, the water, and the protein from ethanol and converting it into algae which, in turn, creates a whole new series of opportunities for cosmetics, for fuel, for animal feed as well.

So part of our rural development program is designed to provide opportunities for those bio-based facilities. Part of our research program is devoted to that and working with sister agencies to create new opportunities, whether it is blend rate increases or distribution of fuel more conveniently. There are just a whole series of things.

And what we are doing, I think, is working to the extent that ethanol does two things. One, it provides consumer choice. Were it not for ethanol, we all would be paying somewhere between \$0.90 and \$1.10 more a gallon for gasoline.

And then, secondly, of course, it is a job creator. Some have suggested that maybe as many as 400,000 jobs are directly or indirectly connected to this industry. And as we move towards the 36 billion gallon threshold under the renewable fuel standard, we could get as many as a million jobs, according to the industry.

So, I mean, there are a lot of benefits, and we are reducing our reliance on foreign oil. We have gone from 62 percent of our oil being imported to less than 50 percent today in just the last 3 years.

Mr. BISHOP. Thank you.

Mr. KINGSTON. Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

ORGANIC AGRICULTURE

I want to shift to one of my favorite areas, organic agriculture. I am the proud author of the California Organic Act, and I am very proud that you have hired Kathleen Merrigan to be your Deputy Secretary, because she just was able to negotiate the organic trade equivalency standards in Europe, which is going to open up even greater markets for organic.

It is growing at about 23 percent a year, it is over a \$30 billion industry now, and yet the administration seems to be flat-funding organic. Organic, like the rest of agriculture, has to have strong support in data collection and publication, has to have research money, has to have access to other kinds of programs that agriculture has. Because we know the benefit is expanding rural economies and creating jobs in the rural areas. You just pointed that out.

So my question is, why is it so flat-funded? Why haven't you supported the Organic Data Initiative? And the question that comes out of that, will that initiative then be in the agricultural census? Because there are no requests for funding to at least earmark for the organic data collection. Or is it going to be in there and you don't need to have some requests? I want to know where that will be. And, also, needing funding for the Organic Data Initiative through the National Agricultural Statistics Service or Economic Research Service, it seems that those indicators aren't including the data.

So I would just like to see now—I am surprised to see that the whole program was flat-funded when it has had such incredible success in increasing market share and jobs in this country.

Secretary VILSACK. In this environment, with substantial reductions, to a certain extent if you can maintain funding, that is an indication of a priority.

You know, we would love to have more money to work with on a lot of programs, but we are faced with the economic reality that we have to get our fiscal house in order, which means we have to make tough choices. So the fact that this is funded at a relatively stable level I think is an indication of support, as opposed to an indication of a lack of support.

Mr. FARR. What I am asking, is that it is not—there is no increased funding for research, although the demand is there. And there is no increased funding for the data—

Secretary VILSACK. Well, the Economic Research Service—ERS—number for organic agriculture is up by \$4,000, and the Agricultural Research Service—ARS—number is down a little bit. NASS is about the same. It is an economic reality that we are trying to deal with a tight budget, and we tried to maintain a response to the fiscal condition that we find ourselves in.

Again, it is not an indication we don't think this is a terrific program. The reality is this administration has put an awful lot more money into organics. It has put more money into Natural Resources Conservation Service—NRCS—for assistance under EQIP. It has funded the Integrated Organic Program at a fairly significant amount the last couple of years. It has—

Mr. FARR. Are you going to put it in the agriculture census, where it would be a regular part of that?

Secretary VILSACK. Go ahead.

Ms. MERRIGAN. We are continuing with additional data gathering in NASS in the Census.

We also are doing a lot of different things that aren't even budgetary. For example, you started by talking about the equivalency agreement that we are all very excited about with the European Union—EU. One of the things that we found when we were trying to figure out what does that really mean for America's farmers and ranchers is that we don't really have good data in terms of what is imported and exported on organic. And so our internal USDA organic working group realized that, and they worked with the International Trade Commission to get import-export codes so we could better track that market flow.

So there is the budget here, and some of the things that we like in organics, including the organic agricultural research and education initiatives—the Farm Bill is not authorized right now, it is expiring. But we have level funding, and then we have all these additional management activities to try to get the most out of the programs that we have.

Mr. FARR. So when do you think you will have enough in your data collection to be able to give this the legitimacy that it certainly has earned in the agricultural world, I mean, a 23 percent increase, \$30 billion industry in the United States?

Secretary VILSACK. Well, in an addition to the EU equivalency agreement, we also negotiated an equivalency agreement with Can-

ada, which was important. That was the first equivalency agreement.

And, secondly, we have not talked about the fact we have strengthened the organic brand through a regulatory process and a clarification of rules. I mean, there has been a lot of work done in this area, and I don't want to leave this hearing with the suggestion that we are not paying attention to this area, because we are.

Mr. FARR. I guess—and I will end with this—is the statistics is the issue. Are they going to get treated like other parts—and I don't know how all this agricultural economy is reported, but are they an equal partner or equal player in being able to be reported like all other commodities and other activities in agriculture? They are not a footnote anymore.

Secretary VILSACK. No. The actions of this administration in this area should not suggest that they are a footnote. We see this as a very significant part of not just responding to market but also an opportunity to reclaim additional entrepreneurship and opportunity in rural America. We see this as a strategy for expanding job opportunities in rural America.

Mr. KINGSTON. The gentleman's time has expired.

INTERNATIONAL ORGANIC STANDARD

Dr. Merrigan, in your international negotiations and things, that stamp that says "organic," that is an international standard now? Is that correct?

Ms. MERRIGAN. It is between the EU countries and the United States. So, starting June 1st of this year, if the European Union is saying it is organic by their standards and through their checking system to make sure that the standards are being followed, then it can be sold freely in the United States as organic, and vice versa, with a couple of exceptions.

Mr. KINGSTON. Well, what about non-EU countries?

Ms. MERRIGAN. No, it does not include non-EU countries.

Mr. KINGSTON. So if you import coffee that says "organic," it might not be?

Ms. MERRIGAN. Well, no, we have a whole process of checking in different ways—

Mr. KINGSTON. Using that stamp.

Ms. MERRIGAN [continuing]. For other countries to get their products into the United States. But of the three different routes to do it, the one that everyone dreams of is having an equivalency partnership, because it reduces—farmers and small businesses particularly are very attracted to this—it reduces their paperwork and all the fees that they have to pay. They don't have to do double certification. It really helps the market grow.

Mr. KINGSTON. Now, on the "fair trade" stamp, is that a similar type process?

Ms. MERRIGAN. I don't—no, we do not have a program at USDA that oversees fair trade.

Mr. KINGSTON. Okay. There is another stamp, it is an ecology stamp. What is the name of that one that has a little frog on it?

Ms. MERRIGAN. I don't know, sir. I am sorry.

Mr. KINGSTON. But I have been told that that is one of the things, particularly in the importation of coffee, that is kind of a rising brand, if you will. It is not a brand, but it is a rising mark.

NASS CROP REPORT

Dr. Glauber, on that February 6th article, it said that the latest crop report stunned traders and sent prices on another wild ride. And so my question is, in terms of the National Agricultural Statistics Service crop reports, what is going on with it? Because it also said that eventually the USDA report might be ignored, that it is not accurate. But I don't—you know, I just wanted you to respond to that article.

Mr. GLAUBER. It is a great question. And, of course, there have been a lot of news reports; that is not the only one. And there has been a lot of concern expressed over the reports.

A number of the reports this year and last year have generated limit moves in the futures markets following that. I might add, having just looked back over a lot of the data, they are not the only things that cause limit moves. You know, the news on the sovereign debt crisis in Europe, the value of the dollar, China, which of course has become such a huge partner of ours—news on those things would cause limit moves, as well. So it is not the only thing.

And it is true there are a lot of changes that have occurred in the markets over the last few years, particularly for corn because of the growth of ethanol. So you have—what you see in things like grain stocks reports is a higher and higher proportion of stocks are held off the farm. Because corn is very attractive relative to other commodities, we are seeing a lot more corn being grown in the South now, as I am sure many of you know. And so, that comes in at different times during the year.

NASS tries to take into consideration those factors. But in going through it, what some of the discrepancies have been is when analysts do their balance sheets, they will look and see some changes in the numbers and try to account for things, and they come up with slightly different estimates prior to the release of the reports.

I do think there is still a lot of uncertainty. We have a very changing feed market because less corn is going directly toward feed. More of it is going indirectly toward the distillery dried grains going into the feed report. We don't have a lot of great data on feed, which is part of the issue here, is it is a big residual. And so my economists make estimates about that, trade analysts make estimates about that, and our estimates are what we base our own forecast of what those stocks are. When NASS comes out with a stock report, in some cases that has been a surprise.

Mr. KINGSTON. Does the budget give you what you need for timely and accurate reports? And are you using a tremendous amount of technology to get them real-time, or how is that working?

Mr. GLAUBER. Well, we do use a lot of technology. The stocks report is a pretty much on-the-ground type of effort. You can't do satellites or anything like that, obviously, for that.

Mr. KINGSTON. Yeah.

Mr. GLAUBER. I will say this. It is made even more complicated by the fact that areas that you don't have jurisdiction over, but the Department of Commerce, for example, has cut out several key in-

dustrial reports that we got soybean crush numbers from, we got wheat milling numbers from, and when we don't have good numbers on that, we have to make estimates. And so there are a lot of uncertainties there.

I do think NASS is aware of a lot of the changes that have been going on in the markets. They are, particularly on the production side, trying to utilize better technology, utilize what they have learned from previous harvests, et cetera.

But I would just end with—the other major thing here is that, when the NASS report and, say, the market trade expectations are different by 150 million bushels of corn, that is a big number, but it is a very big number when it is a 1.6 billion-bushel carryout; it is a huge number when it is only a 500 million-bushel carryout. And the fact is we have been in a very, very tight stock situation for the last couple of years, which means almost any little piece of information that hits the market has a reaction, and a big reaction in some cases.

Mr. KINGSTON. Thank you.

Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

MICROBIOLOGICAL DATA PROGRAM

Just a couple of points on the microbiological data approach. This is, as I understand, about a \$4.3 million program. In the scheme of things, what we deal with here, not a lot of money.

But just this past summer, USDA's Microbiological Data Program was the agency that ordered cilantro and bagged spinach that had tested positive for salmonella to be removed from grocery store shelves. It also forced a recall of lettuce that had tested positive for *E. coli* and started testing cantaloupe regularly for *Listeria* after an outbreak that left 13 people dead.

This is a quote from Mike Doyle, director of the University of Georgia's Center for Food Safety. "It is the radar gun that keeps the industry honest. And if it is eliminated, we don't have a program that will keep the industry in check."

Now, a USDA spokeswoman said that, while food safety is a vitally important part of successfully marketing produce and other agricultural products, other Federal and State public health agencies are better equipped to perform this function. That is beyond belief. They don't—talk about resources. You go to any State effort, there are no resources there.

It just seems to me that given what this program has done and what it can do, you have—CDC said that the information can help pinpoint foods tied to illness outbreaks; would not easily be replaced by companies' internal tests or more modest Federal sampling programs.

I would like to get your commitment, Secretary, on that \$4.3 million program. We are not talking billions of dollars, the numbers that get thrown around this institution, you know, for other things that don't have the same kind of ability to save lives. And I just think, is this a program that is going to fall through the cracks, that no one is going to pick it up, that it will just wither on the vine and nobody is going to take responsibility?

You know, I wish we would figure out how to take programs that work and make a real difference and say that that is worth saving. And I would like to have, you know, your assurance that, you know, you are going to find someplace to deal with this and keep it going or find a willing partner here to pick up the \$4.3 million. It winds up being budget dust in the way that we throw around numbers in this institution.

Secretary VILSACK. Representative, I would be more than happy to see the FDA budget increased by \$4 million to do this. Let me just simply say——

Ms. DELAURO. I told you about the FDA number.

Secretary VILSACK. Well, but, you see, that——

Ms. DELAURO. It is \$11 million. I don't know what else you have in your budget. You know, I have been through it, you know, looking at it, but I don't know the details or the granular nature of this, where we can find \$4.3 million to have a program that has proven in the most recent time. How many people died of Listeria in the cantaloupe?

Secretary VILSACK. Wouldn't you agree it is more appropriate with FDA?

Ms. DELAURO. You know what?

Secretary VILSACK. I mean, based on the mission, wouldn't you agree?

Ms. DELAURO. Yeah. Hey——

Secretary VILSACK. Okay.

Ms. DELAURO [continuing]. I could agree to a lot of things, but——so, okay. So we wash our hands of it.

Secretary VILSACK. No. We just simply——

Ms. DELAURO. We wash our hands of it.

Secretary VILSACK. Here is the——

Ms. DELAURO. Do you think we are going to increase \$11 million for FDA?

Secretary VILSACK. Here is the larger question, and that is there is a lot of conversation and discussion around the country about reductions, and everyone likes to say, well, there is waste, fraud, and abuse. But the reality is, you are now at a point where you have people like me having to make very difficult decisions in terms of priorities and in terms of core competencies. This is an important point you raise.

Ms. DELAURO. I will tell you what. Let me conclude this. I will look through and provide you with some suggestions as to where we might be able to deal with this. I will look through your budget.

I will just tell you, it was—and I have to get to my women farmers, too, here. But I am just telling you that there is a budget that has come forward on FDA. This is not what has been proposed here. It is \$11 million. Now, you have nothing to do with that, but I am telling you that it is not going to happen at FDA.

I will work with you. I will go through your budget. I will find a place where we can get \$4.3 million to potentially save lives. That is what this piece does.

If I can, I would just——

Mr. KINGSTON. Rosa, you know, that——

WOMEN FARMERS DISCRIMINATION SUITS

Ms. DELAURO. My time is up. I will put it in for the record, on women farmers. I don't understand how we are going to get through this claims process. I know what your commitment is here. I understand it 100 percent, how you want to just try to deal with these discrimination suits.

But I don't even know if—if I don't need a lawyer to successfully complete any portion of this proposal, how will I complete the form? What supporting documentation do I need as a woman farmer who has been discriminated against and the evidence of that? How are we going to notify people that the process is under way so that women and Hispanic farmers can, you know, be helped out?

And we can have that as a further conversation. Let me put it on the record here, and we can talk further about it.

Sorry, Mr. Chairman.

Mr. KINGSTON. Well, I was just going to get you to yield to me. But I wanted to say, getting back to that overpayment issue, that is why that \$5.4 billion is relevant to everybody. And so, you know, implementing some of the OIG's recommendations I think would be something that we all ought to be able to get together on. Because it is not, you know, finger-pointing; it is a matter of, well, let's get in there and, you know, roll up our sleeves and find things like that that we can agree on. So I wanted to bring that up.

ADMINISTRATIVE FUNDING

Now, also, Mr. Secretary, Congress has—or, actually, the Appropriations Committee has cut its own budget 9 percent, and we are all dealing with fewer employees in each office. Your office, though, you have a request in here of a \$5 million increase under the administration portion. Is that correct?

Secretary VILSACK. And it is primarily a result of the underfunding for an extended period of time in the Office of General Counsel. And the reality is, if you don't have enough folks in that general counsel's office, then you see substantial delays in getting rules and regulations through the process.

Mr. KINGSTON. Okay. And that all comes through your office?

Secretary VILSACK. Well, it is part of the overall.

Mr. KINGSTON. All right, we might have some follow-up questions on that.

LOAN GUARANTEE DEFAULTS

On some of the loan guarantees that have been in the paper recently, and USDA has a few of them that have gone bad—and I certainly agree that you are going to make some loans where they go bad. Have we tightened down after some of these failures?

Secretary VILSACK. Well, we have over—

Mr. KINGSTON. And I would not expect you to have 100 percent. I mean, you know, that is—

Secretary VILSACK. We have over 900,000 loans in our portfolio at USDA, and the default rate and problem rate for the entire portfolio is less than 5 percent, which is not bad.

We have a very—with our guaranteed loan program, we obviously have a partner in the underwriting. Our direct loan pro-

grams, I think you will see that the default rate is very competitive with the commercial banking industry. In fact, I think it is even better, in most cases, than the commercial banking industry.

So we are constantly looking at ways in which we can do a better job. You know, there are concerns about staffing levels and making sure—that is why we have made some of the suggestions and proposals relative to housing, so that we have adequate resources to be able to do the job to properly underwrite the housing loans we have.

But I think if you look at our overall portfolio, you are going to find that there are obviously going to be circumstances and situations where things don't work out, but I honestly think it is actually less than what Congress expected it to be at the time these programs were created or at the time the Recovery Act was created.

Mr. KINGSTON. Okay.

GRANT RESEARCH DUPLICATION

Also, on grant research, some of the concern I have is the duplication. Under the Agriculture and Food Research Initiative, the AFRI, there is a \$23 million grant to improve sustainable food systems and reduce hunger. One of them went—\$1.1 million went to the University of Alaska. Another \$4.9 million went to Pennsylvania State to evaluate regional food systems in the Northeast; \$4.9 million to the University of Wyoming to identify, develop, and evaluate community organizing strategies for food systems; and then a \$25 million grant for the University of Nebraska for E. coli research; and \$10 million to North Carolina State for food safety research.

The concern that I have is, these are all areas in which we already have research going on, in most cases. And one of the great criticisms that we get as stewards of the tax dollars is that, well, there are too many duplications in Federal Government. And while I think it is useful for a scientist in one university to study the same thing another scientist has, because they might come to different conclusions and it is important that there is a little bit of, you know, maybe intellectual or scientific competition or perspective, whatever you want to call it, but these do seem like pretty mainstream things which the USDA already has probably millions and millions of dollars looking at.

And so what my concern is, in terms of our research priorities, what are they? And how are we making sure that we are not just doing one more study on food safety or whatever?

And I might point out, Rosa is looking for money for food safety, and that was one of the grants that would cover this. This was \$10 million for North Carolina State University for food safety research.

Secretary VILSACK. I am not familiar, obviously, with the individual aspects of each one of those research grants, but I would be willing to bet, at least as it relates to the local and regional food system, that there are distinguishing characteristics in terms of that research.

Discussing local and regional food systems in Alaska, by the very nature of that State and the very nature of its population, is fun-

damentally different than what may take place in the northeastern part of our country or in the mid-Atlantic States in our country or, for that matter, in the western part. I mean, I think there are different issues.

Then there is a question of, was the research focused on the production? Was the research focused on the retail sale? Was the research focused on the aggregation of sufficient and adequate resources to be able to meet institutional demands? I mean, there is a whole series of complicated steps when you are setting up a local and regional food system.

So I don't know those individual grants. There may be duplication. There ought not to be. And I would hope and I believe that our folks are very attuned to that in terms of the grants that they make.

On food safety, this is a very complicated area. We learn every single day more about pathogens, more about the science of food safety. So it may very well be that this is not—it may appear to be duplicative because the topic matter of food safety is one that is fairly broad, but my guess is that the individual research projects that you have mentioned—and we will be happy to get the details of those individual projects so that you can be satisfied that they are not duplicative. And if they are, then I stand corrected.

[The information follows:]

The AFRI review process was evaluated by the National Research Council which found it to be very effective and fair in finding the best applications to fund. Within this process, NIFA reviews all proposals through a peer review procedure where a panel of active, established scientists possessing broad-based knowledge in research, education and extension and the necessary expertise in the program area are chosen to review the proposals. The proposals are evaluated for scientific merit; qualifications of project personnel and adequacy of facilities; and relevance to program priorities including importance of the topic for agriculture and are ranked "outstanding," "high priority," "medium priority," "low priority," and "do not fund." Only proposals ranked in the first three categories may be considered for funding. Before funding is awarded there is a check of USDA and other funding agency databases of funded research to prevent duplicative funding.

The food safety grants made to North Carolina State University and the University of Nebraska each focuses on a different pathogen critical to food safety. The grant to North Carolina State University focuses on human noroviruses while the grant to the University of Nebraska focuses on shiga toxin-producing *Escherichia coli* or "STEC."

An award was made to North Carolina State University, Raleigh. The total award was \$25 million over 5 years. The title of the grant is "Building Capacity to Control Viral Foodborne Disease: A Translational Multidisciplinary Approach". This work focuses on human noroviruses, which are the most common cause of foodborne disease. Human noroviruses are likely responsible for a large proportion of foodborne disease of unknown etiology. Recent advancements in molecular biology, bioinformatics, epidemiology, and risk analysis have aided the study of these agents but they remain difficult to control. The research team will use an integrated, multidisciplinary approach to develop improved tools, skills, and capacity to study foodborne viruses, identifying risk factors and developing management strategies for reducing contamination in pre- and post-harvest environments. Through collaborative activities and stakeholder involvement, the Center will build greater appreciation for the role of viruses to foodborne disease for the long term goal of producing a measurable reduction in burden of viral foodborne disease.

Another award was made to the University of Nebraska - Lincoln. The total award is for \$25 million over 5 years. The title of the program is "Improving Beef Safety. Shiga Toxin-Producing *Escherichia coli*: Prevention, Recovery, Characterization, and Control across the Beef Chain." The team of national investigators aims to reduce human STEC-8 cases and outbreaks from beef, while preserving an economically viable and sustainable beef industry.

The awards to the University of Alaska, Pennsylvania State University, and University of Wyoming are under the food systems program. This program conducts research, extension, and educational activities at a food systems level, which involves a higher level of disciplinary integration and extensive collaboration investigating the entire food system compared to support of individual components. The goal of the program is to advance the understanding of local and regional food systems, including production, distribution, marketing, and consumer involvement. In essence these projects seek to improve national food security with available and affordable food while supporting local and regional economies and environments.

The award to the University of Alaska is for \$1.1 million. The project title is "Fisheries to Schools: A Model to Enhance Food Security in Alaskan Communities". Hunger and food insecurity in Alaska are significant and growing problems that are exacerbated by the state's geographic isolation, extreme climate, and consequent high food prices. This community based participatory research project responds to the

critical need to increase access to healthy foods and improve diet quality in Alaskan communities by developing a model to incorporate high quality, culturally important traditional foods, namely fish, into school meals. Together with community partners and a trans-disciplinary team of researchers, the Center for Alaska Native Health Research is developing, implementing and evaluating a fisheries-to-schools program that builds upon the successes and lessons learned from farm-to-school programs. The long-term goals of this project are to increase food security and improve diet quality in Alaskan communities while simultaneously strengthening local and regional markets for sustainably harvested fish.

The award to the Pennsylvania State University is \$5 million. The project title is "Enhancing Food Security of Underserved Populations in the Northeast through Sustainable Regional Food Systems". The goal of this five year project is to assess whether greater reliance on regionally-produced foods can improve food access and affordability for disadvantaged communities, while also benefiting farmers, food supply chain firms, and other food system participants. Another goal is to help develop a new generation of students capable of working across agricultural disciplines, and gain valuable research and community experience in this project.

The award to the University of Wyoming is \$5 million. The project title is "Food Dignity: Action Research on Engaging Food Insecure Communities and Universities in Building Sustainable Community Food Systems". Over a billion people were undernourished in 2009, the highest number in the 40 years for which comparable statistics have been available. In this integrated research, extension, and education project, five U.S. communities are being studied for creating sustainable community food systems for food security. This work includes tracking the impact of a "community organizing support package" in each community to engage low-income people in improving community food security and economic development.

AFRI GRANTS

Mr. KINGSTON. Because these are pretty big numbers. Getting back to Mr. Farr's point about the light brown apple moth \$9 million number, and here is \$4.9 million going to the University of Wyoming to develop and identify and evaluate community organizing strategies for sustainable food systems, it seems like one of those hokey grants that, you know, we all get criticized on.

Secretary VILSACK. Well, I am going to let the Deputy comment on this, but I would also say, I don't know this, but it is possible that it is not just one university that is involved.

Mr. KINGSTON. Yeah, and I don't know it either. I am just saying that we need to make sure these things have been filtered and filtered before they are awarded.

Secretary VILSACK. The reason why we went to a competitive grant process and the reason why we are encouraging more competitive grant processes is for the very reason that we want to leverage these resources and we want to make sure, you know, that we are not duplicating efforts. When you use the formula, you don't really now what you—I mean, you know you are funding land grant universities. You don't have as much—

Mr. KINGSTON. And I guess, thinking from Mr. Farr's point of view on these AFRI grants, would a study of the light brown apple moth fall into a category of eligibility? And would that not be something where you could enhance the knowledge of that by, you know, making sure that they are applying for it and that they know about an AFRI grant?

Ms. MERRIGAN. I asked the Secretary for an opportunity to speak on this because I am a survivor of academia. And, you know, when you are a professor and you are a research professor, you spend so much of your time writing these grant proposals as opposed to doing the research. And so one of the things that we focused on in this administration was larger grants that went for a longer period of time. So you see bigger numbers, but in all cases they are multi-institutional grants. And so that is also our effort to improve collaboration in the scientific enterprise.

In all cases, these grants are peer-reviewed. And if you are going forward and you are putting your grant proposal forward, you should have all the latest research cited and show how you are going to be advancing knowledge from that last place.

Mr. KINGSTON. Yeah, but let me say this as the son of a college professor and a brother of one. When you say peer-reviewed, it is not really the gold standard, because it is in their interests, mutually, to make sure, "Oh, yeah, no, that is a good grant." You know, I mean, to keep those Federal dollars flowing, "Yeah, you all did a good job on that."

Secretary VILSACK. Well, but that process is designed to make sure that we are doing the best job of providing resources to grants that matter the most. Just to give you a sense of—

Mr. KINGSTON. And let me say this. There is nothing that I like better than going to a university and talking to the scientist in the lab who is doing this research. So I think it is extremely important to do the research and let the scientist not be worried about the

grant application and so forth. But I am also just leery of, you know—I don't know what they are doing in—

Secretary VILSACK. I don't mean to be facetious on this, Mr. Chairman, but Representative Farr asked me about research and assistance for horticulture. We are reallocating resources in that particular area of roughly \$4 million. When you get into difficult budget times, you get into having to make choices. Seventy percent of our research money goes into production livestock; crops, including floral-nursery; or environmental stewardship. Twenty-six percent goals into product quality, value added, and food safety.

These are very difficult sets of questions and issues that you have to decide. And when you have all the money in the world, it is easy to make these decisions. When you are limited in resources, you have to make choices. And that is really the world that we live in.

I have been trying to tell folks at USDA, this is a different world than you have ever lived in before. You are going to have to make choices; you are going to have to make tough calls. And those calls, you know, all of them can be questioned, because everyone has a different set of priorities. And USDA has such a large and wide portfolio that it is very difficult at times to get everybody satisfied.

Mr. KINGSTON. Well, the other thing that you and I have talked about in the past is that, regardless of your philosophy in this budget environment, the budget is going to be under a lot more scrutiny and it is going to be a lot tighter. And wherever we can save and particularly find the common ground on which we can, you know, let's go ahead and move on that—and that is why I wanted to bring up the grant stuff because—and would this moth—does AFRI—is this for land grant only?

Ms. MERRIGAN. No.

Secretary VILSACK. It is for anybody.

Ms. MERRIGAN. The best science wins.

Mr. KINGSTON. Okay.

Mr. Farr.

Mr. FARR. Jack, I would submit that after defense earmarks, probably the most abused earmark of all was congressional earmarks for agricultural research projects. And using it competitively is a smart way to go so that the most important things are getting addressed with the limited amount of money.

But let me shift to—first of all, thank you, Mr. Secretary, and thank you for all the staff. You have been here for almost 4 hours. Thank you, Mr. Chairman, for allowing us to have such a grueling dialogue here. It just goes to show the incredible number of and diversity of issues that this department has. And I was just thinking that Abraham Lincoln would be very proud of the way you are handling this hearing today and be amazed at how this department is still involved with the cutting-edge issues of rural America and the developing international market.

MUTUAL AND SELF-HELP HOUSING PROGRAM

One of the programs that you have in your department is a housing program. And most people don't think the Department of Agriculture does that, and I think some people would suggest that maybe they shouldn't. But I am involved as a former county super-

visor and somebody who has carried a lot of legislation and developed a lot of development in this country in California, am very concerned about the ability for people of low and moderate income to get into housing.

Of all the housing programs that HUD has, none of them are as good as the program you have, the 523 Self-Help Housing Program. I have watched it and been involved with it. I think it is the most effective, interesting program. Essentially, you let all the people who are going to qualify—and I just watched the dedication of 25 families, all came together. Lots were all laid out. They are going to get to move into three- and four-bedroom houses, and they are going to have energy efficiency and photovoltaic systems, and they are going to have essentially no-cost energy.

They all have to build them all, and they all build them. They know which lot is theirs. By the time the houses are built, they all know each other, the children are all good friends. You have built an incredible community of support systems that is unlike any other community I have ever been in. The quality of the units is phenomenal. In fact, out of that, another type housing in the same town, two members of those housing projects were elected to city council and one is the mayor of the town.

So this Self-Help project is incredible. And I understand that you have about 50,000 families in America that are on the waiting list. But your budget cuts the Self-Help housing grants by 67 percent, from \$30 million to \$10 million. I think that is tragic. If you are going to really do the rural strategy that you were talking about, this seems to me one that ought to be the priority.

In addition to that, the ability for rural America to get grants and be eligible for rural housing assistance is all based on what we define as "rural." And the definition now is based on that, prior to the 1990 census, you had to be under 25,000 in population. And then what we are doing is we grandfathered in a lot of those communities. That all expires. And I understand there are 500 communities in the United States that will be excluded as rural communities and won't be eligible for these grants. Eighty of those are in California, of which about five of them are in my district.

We need to change that. It is our job in the legislature. And what I am asking you is to use your staff to help us draft the legislation for allowing the eligibility for rural housing programs to continue. I mean, in a lot of areas—in our area, we are very proud. We don't allow housing to go into the rural areas. We have to go into the communities, because the rural area is where we grow things and we process the food. And so you have a city like Salinas, 150,000 people, just surrounded by agriculture. The people that harvest all that, a very labor-intensive agriculture, very hands-on and processing and shipping, they all live in town, because there are not houses on the fields. And yet they can't be defined as a rural community, and for all intents and purposes they are.

So I need to continue to help those communities, and I would like to have your help in drafting the next legislation. But, most of all, I would also like to know why the heck you are cutting the most successful housing program in the United States by 67 percent.

Secretary VILSACK. First of all, let me indicate a desire on our part to work with you on the issue of "rural" definition. As you

know, there are multiple definitions of "rural" in the law. And really, to the extent that we can create greater consistency and greater flexibility in that definition, we think that is in the best interest of everyone. So we would be more than happy to work with you and the committee on that.

You know, our focus primarily in the housing area has been on a rather significant expansion of the guaranteed program. We have seen a \$20 billion expansion in that program, and we think we are going to be able to deal with 184,000 housing units as a result, which is a substantial number of opportunities.

We are going to continue to work hard with limited resources to provide as many housing opportunities as we can. I think we have done 456,000 loans or grants of one form or another to put people in decent housing.

We are also deeply concerned about the aging nature of our housing stock, particularly multifamily. So we are proposing and suggesting a slightly different approach as it relates to where those moneys go for multifamily to basically rebuild structures that were built in the 1980s and 1990s and repair them.

BUDGET CHOICES

This is just a matter of choices and a matter of having limited resources. So if you want us to take money from the direct loan program to fund Self-Help, obviously we can do that. But then the question is, what about those poor people that can't afford to get—they are not in Habitat for Humanity, they just simply want to go to the local bank, they can't get a loan, they need a direct loan.

These are tough choices. These are very tough choices. And when you all start getting into the details of this, you are going to find out how tough these choices are.

We have worked really hard at USDA to manage the change, but it is difficult. And it is particularly difficult in this area because we are seeing a reduction in workforce. And with a reduction in workforce, that raises the possibility that we may not oversee these loans as well as we have in the past, which would then cause you to ask questions of why we have more delinquencies or why we have more difficulties with these loans.

There are just only so many dollars, Representative, and it is a matter of choices. And right now our focus is on making sure we have sufficient guarantees, because that is where most of the action and most of the activity is.

Mr. FARR. Well, I appreciate your willingness to work on this, and I am going to zero in on trying to improve the things. I just hope my colleagues who are on the other subcommittee who are hearing from another Secretary about how they can't—we can't accept the cuts, and yet we are hearing these other committees that sort of have to accept the cuts.

Mr. Chairman, I think that our committee, the Appropriations Committee, is in a really tough spot. We can't, sort of, single out and say there is one agency in the Federal Government that we don't cut, and we take care of defense, but we don't take care of anybody else.

Secretary VILSACK. Well, the point I tried to make at the beginning is—

Mr. FARR. National security depends on the wellbeing and quality of life of people in America. That is the first line of national security.

Secretary VILSACK. The point I tried to make at the beginning of this is that I think USDA has stepped up. And I can't speak for other departments, but I think we have. And we will continue to try to do a better job of marshalling limited resources, but other folks have to step up, too.

Mr. KINGSTON. Ms. DeLauro.

Ms. DELAURO. Mr. Chairman, I have no further questions. I want to say thank you to the Secretary, Deputy Secretary, and the staff.

I just have one comment. I turned around to look at that picture up there.

Mr. KINGSTON. Yeah.

Ms. DELAURO. Mr. Chairman, can you do me a favor? Can we get another picture?

Mr. KINGSTON. Absolutely not.

Ms. DELAURO. This is a snakepit here, Mr. Chairman. Was this your choice? Was this your choice of photographs?

Mr. KINGSTON. It wasn't, but it would have been. However, I understand we get these photos from USDA, and I would love to have one from Connecticut.

Ms. DELAURO. We have the Secretary here. Can we get a better photograph than two snakes?

Secretary VILSACK. If the chair is happy with that picture—

Mr. KINGSTON. We will work with you.

Ms. DELAURO. We can find common ground.

Mr. KINGSTON. Yeah, we can definitely find common ground.

I did actually have one last question.

Mr. FARR. It is the Congress in action. It is self-help.

AFGHANISTAN AND IRAQ

Mr. KINGSTON. What I was wondering is—and this is my last question—how are you doing in Afghanistan and Iraq in terms of—I met with some of the USDA people in Afghanistan about a year and a half ago. And how is it looking?

Secretary VILSACK. We have roughly 60 people in Afghanistan, and they are focusing on a couple of key areas. One of them is food safety. One of them is working with the Agricultural Ministry to make sure that that ministry knows how to do the job of being a ministry. They are also working on extension. And they are working on some credit opportunities in some of the larger projects. There is a water project that they are also involved in.

So we continue to work. You know, it is a small contingency, but we are also working with the National Guard and providing training for these National Guard units to go over and also do agriculture. That is the great thing about our military, is that we have this great National Guard. These folks have enormous capabilities, multi capabilities, and they are using them to embrace better agriculture.

I don't want to mislead you. This is a long, long process of creating an agricultural economy that isn't solely related and dependent upon poppy production. What those folks are doing in poppy

production makes all the sense in the world if you look at the fact that there is very little risk, there is a ready market, there is no transportation expense, none of the problems that are associated with traditional agriculture.

So we are trying to address those issues. And we are making progress. But it is going to be a while before you see pomegranates easily traded.

The other issue is, even if they want to trade and their market is in India, the question is, how do they travel over Pakistan to get to India? And will Pakistan give them the flexibility and the permission to do it? That is not an easy negotiation discussion. That has been going on for a couple years.

Mr. KINGSTON. Uh-huh.

Secretary VILSACK. So, I think it is worth the money we are spending, and I wish we could do more of it. But I think we are going to have to, in terms of that kind of support and assistance, we are going to be there for a while.

Mr. KINGSTON. When I met with them, I was struck by how much their hands are tied by factors that are way beyond USDA.

How about Iraq?

Secretary VILSACK. Our presence there has been reduced. We have just a handful of people there. Their agriculture is a bit more sophisticated and a bit more advanced than in Afghanistan, so they don't need quite as much assistance and help. It is about, sort of, rebuilding as opposed to creating.

I mean, we are literally creating an agricultural economy in Afghanistan. I mean, it is an amazing story, and I think 10, 20 years down the road it is going to be truly amazing, because they are going to be the breadbasket of that part of Asia.

FOREIGN AGRICULTURAL ASSISTANCE

Ms. DELAURO. If the chairman would just yield for a second, because you talked about Iraq and Afghanistan. The whole issue of—and it may be more State Department, Mr. Secretary, than USDA—but the whole emphasis—I mean, we have provided emergency aid, and I know McGovern-Dole is level-funded, and there has been a slight decrease in the Food for Peace Program.

But the issue of the agricultural expertise to other parts of the world so that, in fact, what we are doing is utilizing resources to have better crop yields, more productivity, even with a program with the Borlaug Fellowships, that—what are our opportunities there in these areas?

And I understand Iraq and Afghanistan, they are places where we have, you know, military. But there is somewhat of an imperative to look at where we are impacting the rest of the globe in terms of these issues of agriculture and productivity, women farmers, all of this area.

Secretary VILSACK. What we have done in an effort to try to leverage and extend our resources—you mentioned the Borlaug-Cochran Fellowships, which we will continue to do. We will continue to work with USAID. But we have come up with an idea in which, as people retire from the Foreign Agricultural Service, as people retire from NRCS or whatever, we are asking them the question as they are leaving, would they be interested potentially

in volunteering their time? If a foundation or corporation would be willing to pay their travel expense and, you know, their room and board—no salary, you have a retirement income that you get—would you be willing to go to a country in sub-Saharan Africa and spend 3 months, 6 months, a year? We have received several hundred indications from the most recent group of retirees that they would be interested in considering this.

So now what we have done is we have gone to the Clinton Foundation and we have said, you know, where could these people be best used? They have gone back to the countries that they are currently involved in, and they came back and said, “Here are the countries that are in the best position to use these folks, and here specifically are areas that we need the most help with.” Now what we are going to try to do is match up the retirees who have expressed an interest with where the demand could be and create sort of a—you know, not a Peace Corps, but something akin to that.

Ms. DELAURO. Uh-huh.

Secretary VILSACK. So that is something I am pretty excited about.

Ms. DELAURO. That is very exciting.

Secretary VILSACK. I think it is creative and it is innovative, and it is not going to cost the government money. And it is going to take these people who still have a lot to give, and it is going to give them a chance to give it.

Ms. DELAURO. I would just commend to you, because I had the opportunity to speak to—Save the Children brought a group of people together to talk specifically about these issues, and I spoke this week to them. And I will tell them, you know, your ideas, but it would be an interesting, you know, connection. Because what you are doing is ferreting out the folks. They are looking at foundations, they are looking at a whole variety of entities. And maybe there is some way in which to collaborate.

Secretary VILSACK. Lona Stoll in our office is sort of headlining this, or dealing with it, and she would be the person that your staff could reach.

Ms. DELAURO. Okay. Thank you. Thank you for your time.

Mr. KINGSTON. Mr. Secretary, we thank you. We have enjoyed working with you. We are certainly not going to always agree on things, but I think we both realize how big the challenge is in front of us. So we look forward to this year and having the rest of your department in for hearings. And so, thanks for kicking us off with a good tone for the next 10.

Secretary VILSACK. Mr. Chairman, thank you.

Mr. KINGSTON. And, with that, we stand adjourned.

**UNITED STATES DEPARTMENT OF AGRICULTURE
SECRETARY OF AGRICULTURE
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
FEBRUARY 17, 2012**

QUESTIONS SUBMITTED BY CHAIRMAN KINGSTON

SINGLE FOOD SAFETY AGENCY

Mr. Kingston: In mid-January 2012, President Obama sought greater authority to reorganize governmental agencies. As part of this announcement, the Administration proposed the creation of a new department which would combine the trade and commerce functions of various Departments. Does the Administration have any plans to use this same model to reorganize the respective food safety agencies into a single food safety agency? Please provide details on where USDA conducts similar activities as those in sister Agencies both inside and outside of the Department.

Response: The President called on Congress to reinstate the authority that almost every President had for the better part of 50 years from President Hoover through President Reagan. The authority would allow the President to present, for expedited review by Congress, proposals to reorganize and consolidate Executive Branch agencies in order to streamline government to make it work better for the American people. To ensure that government reorganizations will result in a more efficient government, the President's proposal for the first time requires that any such proposal cut costs or reduce the number of government agencies.

If Congress reinstates the Presidential authority, the Administration will consider other possible areas for consolidation. The Administration believes that there are other areas of the Executive Branch that could be strengthened by reducing overlap and fragmentation and enhancing program effectiveness and customer service.

The Administration has not announced a proposal to consolidate food safety functions into a single agency. However, whether or not we need a single agency, we do need to function in a coordinated manner.

Close cooperation among Federal agencies is a key to improving the safety of domestic and imported food. USDA will continue to work with partners in the President's Food Safety Working Group to further strengthen our food safety system.

According to a March 2011 report from the Government Accountability Office (GAO), a total of fifteen agencies collectively administer at least 30 food-related laws. However, two agencies are tasked with primary food safety oversight. These two agencies are the Food and Drug Administration (FDA) within the U.S. Health and Human Services Department (HHS) as well as the Food Service and Inspection Service (FSIS) within U.S. Department of Agriculture (USDA).

FSIS' mission is to ensure that the Nation's commercial supply of meat, poultry, and processed egg products is safe, wholesome, and correctly labeled and packaged through inspection and regulation of these products. FDA is responsible for protecting the public health by assuring that foods, other than meat, poultry and egg products, are safe, wholesome, sanitary and properly labeled; human and veterinary drugs, and vaccines and other biological products and medical devices intended for human use are safe and effective.

US SCHOOLS CHALLENGE/LET'S MOVE INITIATIVES

Mr. Kingston: Please explain the goals and the expected outcomes of USDA's U.S. Schools Challenge Grants program, related grant programs and initiatives and explain how such programs do not overlap? How much is in the budget for each of these initiatives? How much was spent in fiscal year 2011 and how much does USDA plan to spend in FY 2012 and FY 2013 on each of these efforts?

Response: The information is provided for the record.

[The information follows:]

The HealthierUS School Challenge (HUSSC) is a key component of the national *Let's Move!* initiative to end the epidemic of childhood obesity within a generation. It is a voluntary initiative open to all schools participating in the School Breakfast Program and National School Lunch Program. It establishes rigorous standards for schools' food quality, participation in meal programs, physical activity, and nutrition education - key components for healthy and active kids - and provides recognition for schools that meet these standards. HUSSC is a science-based program built on the foundation of the *Dietary Guidelines for Americans*.

Schools meeting the voluntary HUSSC standards are recognized for their achievement by USDA, and by the First Lady. HUSSC schools also receive modest one-time performance awards varying from \$500-\$2000 per school, depending on which specific criteria they meet. Our goal is to recognize as many schools as possible for the great things they are doing to contribute to a healthier generation. The HealthierUS School Challenge has the potential to impact every school in the nation currently participating in the National School Lunch Program (more than 101,000).

Since the beginning of the HealthierUS School Challenge in 2004, awards have been given to schools in 45 States and 2,862 schools are currently certified. As a part of the *Let's Move!* campaign, we are committed to reaching a goal of 3,250 HUSSC schools by June 30, 2013.

The HealthierUS School Challenge is not a grant program, and does not compete with other nutrition assistance grants or initiatives. To the contrary, the HUSSC complements USDA's Team Nutrition initiative, which provides nutrition education, training and technical assistance resources to schools. These materials support efforts by schools to improve their nutrition environments, including HUSSC standards. Moreover, schools meeting the HUSSC standards will be well positioned to comply with the new school meal standards recently established by USDA, which will go into effect next school year.

The budget for the HUSSC in FY 2011 was \$698,000. For both FY 2012 and FY 2013, the estimated level will be \$1.5 million.

FOOD LABELING INITIATIVE

Mr. Kingston: In December 2009, USDA, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Federal Trade Commission released guidelines for food advertising to children and teens. Please provide a status of these guidelines and explain USDA's role in the Interagency Working Group. What actions do USDA and its partner agencies in this effort anticipate taking in the future regarding the advertising of food products to children and teens?

Response: The information is provided for the record.

[The information follows:]

The 2009 Omnibus Appropriations Act called for the formation of an interagency working group (IWG) of federal nutrition, health, and marketing experts from the USDA, the Food and Drug Administration (FDA), the Centers for Disease Control (CDC), and the Federal Trade Commission (FTC) to develop a report to Congress on recommended voluntary principles to guide industry efforts to improve the nutritional profile of foods most frequently marketed directly to kids ages 2-17. Between 2009 and 2011, the IWG assessed the science and developed a set of nutrition principles for deciding what foods are eligible for marketing, as well as proposed definitions of marketing activities targeting children and adolescents to which the nutrition principles would apply.

USDA contributed its expert knowledge regarding the 2010 *Dietary Guidelines for Americans* and, along with its IWG partners, studied regulations governing nutrient content and health claims in food labeling, and also the nutrition standards used by programs, including those in USDA (e.g., WIC and the school meals programs). USDA also performed complex food modeling exercises to test the effects of potential criteria on foods currently marketed to children younger than age 17, and to work through approaches for marketing individual foods and multi-component meals.

On April 28, 2011, the FTC published the IWG's preliminary proposal for comment on its website, seeking comments on the voluntary nutrition principles and marketing definitions from the public, including food and beverage companies, public health advocates, the entertainment industry, academics, and all other interested stakeholders. The proposal made clear that it is not a regulatory action, since it does not impose any federal mandate on which foods can or cannot be marketed or sold to children. Rather, it was intended to advance industry voluntary efforts by providing a template for strong, uniform nutrition principles that, if adopted, would dramatically improve the nutritional quality of the foods most heavily marketed directly to children. The IWG reviewed the approximately 29,000 comments that were received in order to determine what revisions to the proposal were warranted.

During this time, in July 2011, the Children's Food and Beverage Advertising Initiative (CFBAI) and its participants released a new set of food category-specific, uniform nutrition criteria that are being adopted by December 31, 2013. The CFBAI is a voluntary self-regulation program comprising many of the Nation's largest food and beverage companies, which was designed to encourage the advertising of healthier dietary choices and lifestyles to children under the age of 12. There are 17 food manufacturers and restaurant chains that have signed onto the CFBAI effort. These newly-released CFBAI uniform nutrition criteria represent a significant change in how the program operates, since each participating company has now agreed to follow a unified set of nutrition criteria. On review, the new uniform CFBAI nutrition criteria appear to be a step forward in changing the food advertising landscape, while also taking into consideration the feasibility of manufacturers making meaningful changes to the nutrient content of food products.

More recently, the Consolidated Appropriations Act, 2012 (P.L. 112-74) states that "None of the funds made available in this Act may be used by the Federal Trade Commission to complete" the IWG Draft Report unless the IWG "complies with Executive Order 13563." Executive Order 13563 imposes a wide range of requirements on agencies contemplating regulatory action, including the preparation of a detailed cost-benefit analysis that uses "the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." Based on this, Congress has instructed the IWG not to issue a final report unless the IWG provides Congress with a rigorous cost-benefit analysis.

The IWG will assess the language in the Consolidated Appropriations Act, 2012, and USDA, along with the other agencies on the IWG, is considering the feasibility of conducting the cost-benefit analysis. However, the agencies

remain committed to improving the nutritional quality of foods marketed to children as an important strategy towards improving diets and health of American children. The nutrition standards developed by the industry-supported CFBAI represent a valuable step forward to harness the food industry's contribution to ensuring that only healthier choices are promoted in advertising foods targeted to children.

FREE TRADE AGREEMENTS WITH SOUTH KOREA, PANAMA, AND COLOMBIA

Mr. Kingston: Last year Congress approved and the President signed the Free Trade Agreements (FTAs) with South Korea, Panama, and Colombia. The U.S. worked with each of these respective countries for several years to iron out differences. However, USDA does not show any concentrated effort in the budget to implement these agreements once they have been approved by the other governments. What resources are being devoted to this effort in FY 2012 and FY 2013 on behalf of U.S. producers?

Response: The Foreign Agricultural Service (FAS) is USDA's lead agency to ensure trade agreements are implemented and enforced per the text of the specific agreements. FAS staff who were actively involved in negotiating these agreements have now been redeployed to monitor and enforce the outcomes. This has been possible with existing resources, including drawing on our Foreign Service officers and staff in the relevant overseas embassies. The \$200 million available for the Market Access Program (MAP) provides support for the market development efforts of over 70 industry group partners known as Cooperators. The vast majority of Cooperators view the use of MAP funds for activities to advance implementation of the three FTA's as critical to their overall market development strategies. This has been possible with existing resources, including drawing on our Foreign Service officers and staff in the relevant overseas embassies.

Mr. Kingston: This is a major step in the right direction and should be good for agriculture trade. I am a little puzzled that the Administration did not make a request for or budget existing resources to assist in the effort to open these critical markets? What is the Department's plan for ensuring that the three FTA countries are reducing the agricultural trade barriers we have agreed to address and in a timely way?

Response: FAS is actively involved in the negotiation, monitoring and enforcement of trade agreements. FAS staff continues to work closely with the Office of the U.S. Trade Representative (USTR) to review proposed regulations in meetings with trade officials from all three FTA countries. FAS and USTR staff traveled to Korea in January and to Colombia in February, meeting with the appropriate government and private sector individuals to review the measures those governments must take to implement the agreements in a manner that fully satisfies U.S. expectations. A similar visit to Panama will occur in May 2012 to ensure smooth implementation of that Agreement. Resources will be funded through MAP and Salaries and Expenses appropriations.

AGRICULTURAL TRADE/EXPORTS

Mr. Kingston: Agricultural exports appear to be one bright spot in the U.S. economy. On a calendar year basis, the value of U.S. exports in calendar year 2011 hit a new record. Secretary Vilsack announced two weeks ago that U.S. agriculture exports are expected to grow by 25 percent in value and 10 percent in volume during this current fiscal year. This will be quite impressive if all turns out as predicted.

The President announced a new initiative called the National Export Initiative years ago. So even without the full implementation of President Obama's initiative, we are on a record pace. How does the Administration plan

to double U.S. agricultural exports by the end of 2014? What is FAS doing in FY 2012 and FY 2013 to make this happen?

Response: USDA continues funding for FAS Posts' Country Strategy Support Fund (CSSF) as the primary tool for implementing Departmental strategies at the country level, and providing our overseas offices with the means to carry out priority activities. These activities include market access, sanitary and phytosanitary (SPS) and other technical barriers to trade (TBT) and biotech issues; market knowledge and intelligence; trade capacity building; food security; strategic communication; and foreign market development.

USDA is linking foreign buyers with U.S. exporters through expanded support of foreign buyers to attend major U.S. and international food and agricultural trade shows. U.S. products would be profiled, with enhanced trade services, such as arranged one-on-one meetings and visits to food processors, retail outlets and production facilities.

USDA is supporting state organized trade missions to visit foreign markets, and meet directly with prospective buyers to promote their products and educate U.S. companies on doing business overseas.

Funding is provided for FAS-initiated export education programs, such as trade education seminars with Land Grant universities, participation in trade-related conferences and meetings, and a direct mail campaign. This enables FAS to capitalize on available resources to reach out to stakeholders and potential new exporters to promote the importance of trade and trade opportunities. In addition, the discretionary funding request includes increased allocations for overseas Posts to use for activities that support FAS Country Strategy Statements, including India.

Mr. Kingston: Secretary Vilsack traveled with President Obama to India last November. India has a population of about 1.2 billion people and account for roughly 18 percent of the world's population. India does not even make the top fifteen recipients of U.S. agricultural exports. Why hasn't USDA done more to ensure the sale of greater amounts of U.S. agricultural products to India? Please specify what USDA is doing to help open up markets in India for U.S. producers?

Response: We have been aggressively pursuing market access in India for U.S. products such as dairy, poultry, pork, pet food and barley. Presently the United States has very little access because of technical barriers for these products. Over the last two years, we have initiated numerous technical and high-level political discussions with our Indian counterparts to this end, including during the President's visit in November 2010. In addition, we are actively coordinating with the USTR to review our enforcement options under the World Trade Organization (WTO).

India's WTO bound tariff rates for agricultural products are among the highest in the world, ranging from 100 to 300 percent. While many of India's applied tariffs are below the bound rates, they still represent a significant barrier to trade in agricultural goods (applied tariffs average 114.2 percent). The current impasse in the Doha Round trade negotiations has temporarily halted our potential to achieve significant tariff reductions in the short term, but as that process gets back on track, addressing trade restrictive Indian tariffs will be a priority.

Where we do have access, however, we see the promise of the Indian market; U.S. agricultural exports to India were \$752 million in 2011. We are seeing record sales in high-value, consumer-oriented products, such as U.S. almonds, apples, and fruit/vegetable juices to India, and we are actively

encouraging many new-to-market products such as pecans, pistachios and cherries through USDA-endorsed trade shows and the Emerging Markets Program. To assist our efforts to improve our market penetration in the Indian market, USDA approved over \$4.1 million this year to U.S. cooperators in MAP, Foreign Market Development Program, and the Quality Samples Program. These programs will assist American farmers and ranchers develop, maintain, and expand the long-term export market for U.S. agricultural products to India.

TRADE ENFORCEMENT

Mr. Kingston: Why did USDA not ask for funding related to support trade enforcement after the President identified this area as a core priority for this administration? Is this function not a core function of the Foreign Agricultural Service? How do you expect to carry out this important work to ensure our trading partners and competitors are playing fair and that our farmers, ranchers and others in the food production chain can compete on a level playing field?

Response: USDA, through FAS, is employing innovation to ensure quality of service in its continuing efforts to monitor and enforce U.S. trade agreements. FAS works closely with the USTR, the Department of State, and the Department of Commerce to strategize on the best approaches to resolve trade challenges. FAS coordinates USDA efforts on enforcement, capitalizing on the strengths and technical expertise of other USDA agencies, such as the Animal and Plant Health Inspection Service and the Food Safety and Inspection Service; our industry partners and stakeholders; international organizations and standards-setting bodies; and academia. Through such coordination, FAS has built an effective enforcement team to ensure U.S. farmers, ranchers, and the agricultural sector fully receive the benefits intended with all of our trade agreements.

RECONSTRUCTION AND STABILIZATION

Mr. Kingston: The President's budget requests \$5.6 million for reconstruction and stabilization effort. I see you have included a new budget item in the FAS budget to pay for costs of building up the agricultural infrastructure in countries like Afghanistan and Iraq. How have these efforts been funded in the past and can you explain why they are now being requested from the base funding of your Foreign Agricultural trade budget? In light of the fact you are asking for a reduction in the FAS budget, I can only assume there is other Agricultural trade work like FTA implementation and other trade promotion work that will not be done in order to fund this reconstruction work in Afghanistan and Iraq? Please explain.

Response: As part of the "Whole of Government" approach to stabilization and reconstruction, the USDA has deployed agricultural advisors to Afghanistan since 2003. These employees and contractors are working to build human capacity in the Ministry of Agriculture, Irrigation, and Livestock at all levels, so that it can sustainably support the 80 percent of Afghans who rely upon agriculture for a living. Similar activities and projects are taking place in Iraq, Pakistan, and Haiti. In general, the Department of State provides funding for the direct costs associated with deployed agricultural advisors, and USAID provides funding for specific projects (such as wheat and cotton productivity improvement, watershed rehabilitation, and animal disease control). In FY 2011 and FY 2012, USAID also funded all Washington, DC support costs for agricultural advisors and projects.

From FY 2003 through FY 2009, USDA sent agricultural advisors to Afghanistan under six-month to nine-month temporary duty (TDY) assignments. Because the program was small, all costs were absorbed by USDA and its agencies directly. In FY 2009, the number of USDA agricultural advisers stood at 14. However, at the request of the Department of State, USDA began

increasing the number of agricultural advisers and for the first time received support in FY 2009 from the Department of State for the salaries of deployed agricultural advisers and a one-time contribution for Washington, D.C. support costs.

In FY 2010, the number of agricultural advisers increased to 64. The Department of State provided funds for the direct costs for 50 of these employees. Funds were appropriated to USDA's Departmental Administration for stabilization and reconstruction to pay direct costs for 14 USDA positions in Afghanistan and Washington, DC support costs for all personnel and projects in the country. A portion of the \$13 million was also used to support personnel and activities in Iraq, Pakistan, and Haiti.

In FY 2011, the Department of State continued to provide funding for the direct costs of agricultural advisers, and USAID provided funding to USDA for specific project activities. The FY 2011 Full-Year Continuing Appropriations Act did not provide funding in the Departmental Administration account for USDA's stabilization and reconstruction activities, thereby zeroing out funds to cover Washington, DC support costs for personnel and projects. USDA engaged the Department of State and USAID on funding alternatives in order to continue its activities in reconstruction and stabilization countries. As a result, existing USAID FY 2011 funding to USDA for Afghanistan was used to cover Washington, DC support costs in FY 2011. In addition, the salaries and expenses for those 14 employees directly supported with USDA funds in FY 2010 were covered by Department of State-provided funding.

For FY 2012, the Department of State has provided funding for the direct costs of agricultural advisers in Afghanistan. USDA has existing funding from USAID to cover Washington, DC based support costs for Iraq, Pakistan, and Haiti for FY 2012.

In FY 2013, USDA expects that the Department of State will again provide funding for the direct costs of agricultural advisers in Afghanistan. USDA's FY 2013 budget request would allow it to fund Washington, DC based support costs for agriculture advisers in Afghanistan and reconstruction and stabilization activities in fragile market economies. If this funding is not appropriated directly to FAS in FY 2013, USDA may need to evaluate the sustainability of its efforts and again engage interagency partners about continuation and support of USDA's agricultural advisers and its projects.

FOOD, NUTRITION AND CONSUMER SERVICES

Mr. Kingston: What are the expected participation levels for the Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Commodity Supplemental Food Program (CSFP) estimated for FY 2012 and FY 2013, and how does that compare to the FY 2011 participation?

Response: The information is provided for the record.

[The information follows:]

PROGRAM	2011	2012	2013	Percentage change 2011 to 2012	Percentage change 2011 to 2013
SNAP (average per month)	44,708,726	47,145,000	46,908,000	5.4%	4.9%
WIC (average per month)	8,960,587	9,014,000	9,095,000	0.6%	1.5%
CSFP (average per month)	588,083	599,380	599,380	1.9%	1.9%

Note: FY 2011 participation updated through December 2011 Keydata release.

WIC PARTICIPATION, FOOD INFLATION AND NSA COSTS

Mr. Kingston: What methodologies is the Department using to estimate WIC participation, food inflation and NSA costs for each quarter and fiscal year?

Response: The information is provided for the record.

[The information follows:]

The Department projects WIC participation for budget development and for routine program monitoring using a methodology that relies primarily on historic program growth but is also sensitive to current trends reflected in the administrative data. WIC State agencies submit participation statistics to the Department monthly. The Department takes the most current monthly figure from the States and projects participation for each of the remaining months in the forecast period using historic month-to-month growth rates.

The USDA's Economic Research Service projects current year inflation rates for each of the major food categories represented in the WIC food packages. With this data, the Department computes a weighted average food inflation factor for the program overall, and applies this inflation factor to the previous fiscal year's food package cost as reported by the States. The projection is further adjusted for changes in program rules and the anticipated effect of new infant formula rebate contracts. This methodology is used to project WIC food package costs through the end of the current fiscal year. The Department applies OMB's most recent forecast of the value of the Thrifty Food Plan to project WIC food package costs beyond the current fiscal year.

The Department projects the value of NSA costs by first projecting a per participant grant amount, as specified in law. The previous year's per participant grant is increased by the year-over-year change in the State and local government purchases index published by the Bureau of Economic Analysis of the Department of Commerce.

SNAP AND CSFP PARTICIPATION

Mr. Kingston: How many people does USDA estimate are eligible for the SNAP, but are not participating? Specifically, how many or what percentage of senior participants enrolled in CSFP are eligible for Food Stamps but do not participate? What efforts are being made to shift elderly CSFP participants to SNAP?

Response: USDA estimates that in FY 2009, 12.3 million individuals were eligible for SNAP but did not participate.

In FY 2011, of the nearly 570,000 elderly CSFP participants, USDA estimates that approximately 372,000 are eligible for SNAP but did not participate. A 2002 ERS study (Seniors' Views of the Food Stamp Program and Ways To Improve Participation-Focus Group Findings in Washington State: Final Report, June 2002) indicates that the most common reasons that elderly persons who were eligible for SNAP did not participate were the stigma and cultural barriers associated with applying for the program. Other barriers that affected eligible seniors' decision to contact the local SNAP office included

misinformation about the program's rules, availability of transportation, communication problems at the initial point of contact with the local SNAP office, and the general acknowledgement that some participants simply chose one program over because one program may be more suitable to an individual's circumstances than the other.

Elderly CSFP participants may simultaneously participate in the SNAP program. For that reason, the Department does not try to transition elderly CSFP participants out of CSFP and into SNAP. However, local agencies are required to provide elderly CSFP applicants with written information on SNAP and make referrals to SNAP when appropriate.

SNAP PARTICIPATION INITIATIVES

Mr. Kingston: Provide specific examples of the initiatives that have been launched to help make sure that those who are eligible for food stamps know that they can participate. How much did USDA spend on these initiatives in fiscal year 2010 and 2011? What is the projected expenditure level in fiscal years 2012 and 2013? What work is being done with any other federal agency to educate the public on eligibility, specifically Health and Human Services?

Response: The Department of Agriculture is firmly committed to facilitating access to the Supplemental Nutrition Assistance Program (SNAP) to those who are eligible but not participating. Through its outreach efforts, the Food and Nutrition Service (FNS) works with State and local agencies, advocates, employers, neighborhood and faith-based organizations, and others to reach out to eligible low-income people who are not currently participating in SNAP and to share information about the nutrition benefits of SNAP. Since FY 2001, \$10 million per year has been available for the purpose of conducting national efforts to share messages about the nutrition benefits of SNAP. This charge specifically includes outreach projects targeted to non-participating eligible low income people and nutrition education projects to reinforce healthy eating messages among low income people eligible for or already participating in the Program.

In FY 2010 and FY 2011, FNS committed \$1.5 million each year to national nutrition education efforts, leaving \$8.5 million for access, outreach and public education. Initiatives using the \$8.5 million in annual funding for outreach, access, and public education are designed to facilitate, complement, and supplement State and local efforts. FNS expects to continue these efforts in FY 2012. An increase of \$1,861,000 was provided in FY 2012 for Nutrition Education and Program Information to support increased collaboration with State partners and other program stakeholders to improve the quality and efficacy of nutrition education and to improve program outreach to underserved populations.

FNS is committed to educating the public on SNAP eligibility by improving communication and collaboration efforts with other Federal agencies and departments. Additional details are provided for the record below.

[The information follows:]

FNS engages in the following outreach efforts:

- **National Media Campaign:** The goals of the national media campaign are to position SNAP as a nutrition assistance program, help overcome stigma, teach potential applicants where and how to apply, and highlight FNS' commitment to ensure that all eligible people receive benefits with dignity and respect. In FY 2012, radio buys will air in 21 media markets with low SNAP participation.
- **The USDA National Hunger Clearinghouse:** The USDA National Hunger Clearinghouse collects and maintains contact and program information

about Federal, State and local non-profit organizations and government agencies that provide food assistance programs and other social services. Individuals can search the online database or call a toll-free hotline to find assistance in their community. The hotline receives approximately 600 calls per month and is promoted by FNS community partners throughout the country.

- **Toll Free Information Line:** FNS continues to provide a toll free information line in English and Spanish for low-income people to learn more about SNAP including how to apply. Callers can listen to recorded information, obtain referrals to their States for more direct help and information, and request a packet of information by leaving a mailing address with an operator. During FY 2011, the call center distributed 57,978 packets of information to toll-free number callers.
- **Pre-screening Tool:** English and Spanish versions of the online pre-screening tool tell users if they might be eligible for benefits and estimates the amount of benefits they might receive. Where available, the site links the user to a State's pre-screening tool, which can incorporate State-specific policies. The FNS tool also links users to <http://www.GovBenefits.gov> to find out if they might be eligible for other benefit programs.
- **Toolkits:** Outreach toolkits provide ideas and resource materials to help State and local partners implement effective localized outreach campaigns that reinforce national messages. FNS intends to update the toolkits in FY 2012 with guidance on reaching populations that are newly eligible for SNAP.
- **Outreach Materials:** FNS continued to distribute English and Spanish educational and outreach materials, such as brochures, posters and flyers, at no cost to State and local agencies and other organizations. In addition, FNS assessed the need for and initiated development of additional products to increase nutrition program participation among low-income Hispanic and older American populations, the homeless, and individuals newly impacted by the current economy. Several updated and new publications, including the *SNAP Qs & As* for specific audiences such as veterans and immigrants, and a *SNAP Guide for Seniors* will be available to download and order on the FNS Web site at no cost.
- **Access Reviews:** FNS conducts program access reviews of local SNAP offices each year to provide oversight of State Agency operations of the Program to ensure compliance with national standards, minimize barriers to participation, identify best practices or ways to improve customer service and provide technical assistance to States.
- **Outreach Coalition:** FNS continued to manage and support an Outreach Coalition comprised of community leaders, community action agencies, hunger advocacy organizations, faith-based groups, individuals, food banks, university extension programs, and other groups or individuals interested in giving potentially eligible non-participants the tools to make an informed decisions about applying for nutrition assistance. The Coalition participates in webinars on increasing participation in and access to FNS nutrition assistance programs. In FY 2012, FNS plans to enhance networking capacity among Outreach Coalition membership.
- **La Mesa Completa:** As part of an agency-wide effort to increase access to nutrition assistance programs, FNS created an action plan to expand outreach to the Latino population for FY 2011 and FY 2012. The goal of La Mesa Completa is to increase Latino participation rates in SNAP, School Breakfast, the Summer Food Service Program and the Child and Adult Care Food Program. FNS will target outreach efforts in seven

areas across the United States with high rates of food insecurity among Latinos.

- **State Outreach Plans:** States have the option of providing outreach as part of their program operations, and FNS reimburses up to 50 percent of the allowable administrative costs for these activities. At the end of FY 2011, 40 States had approved outreach plans and an additional six States also performed outreach activities.
- **Program Participation Grants:** The 2008 Farm Bill authorizes up to \$5 million in grants each year, participation grants have been awarded each year since FY 2003. The grants are targeted to State agencies, public health or educational entities, or private nonprofit entities such as community-based or faith-based organizations, food banks, or other emergency feeding organizations. The goal of the program participation grants is to encourage participation by eliminating barriers caused by the complexity of application and certification procedures. This year's grants focused on supporting partnerships between SNAP and private non-profit organizations and on applying process improvement processes to States' operational systems.

FNS is collaborating with the Department of Health and Human Services (HHS) on a number of initiatives:

- **Affordable Care Act (ACA):** FNS and the Centers for Medicaid and Medicare Services are working in collaboration to identify where SNAP and Medicaid policies align with SNAP and look for opportunities for coordination. There are an estimated 4 million SNAP recipients who are not now on Medicaid who will become eligible for Medicaid in 2014.
- **Children's Health Insurance Program (CHIP) eligibility:** State agencies can automatically enroll eligible children in CHIP based on information in SNAP case files. This is particularly successful in States where different agencies administer SNAP and CHIP.
- **Medicare's Extra Help:** FNS awarded grants to three States to help boost SNAP participation among Medicare's Extra Help population. Such programs expand access to more people who may not realize they are eligible for SNAP benefits.
- **Promotores de Salud:** FNS is working with the HHS Office of Minority Health to fund an outreach program and training curriculum that will promote and engage the Latino community on nutrition and health education and available nutrition assistance and healthcare services.
- **Administration on Aging (AoA):** FNS and the AoA's National Council on Aging (NCOA) are implementing pilot projects in Pennsylvania, New Jersey and Delaware to use SNAP pre-screening and Medicare Part D/Extra Help application data to enroll participants in SNAP. In addition, FNS is working to integrate SNAP outreach into local Area Agencies on Aging (AAA) and Aging and Disability Resource Centers (ADRCs) across the country.
- **Office of Refugee Resettlement (ORR):** In FY 2011, FNS presented SNAP access eligibility information to HHS grantees at the Annual Refugee Agriculture Partnership Program and at the National Consultation. Additionally, consultation and referrals on specific program access issues are provided throughout the year.
- **Prisoner Reentry:** FNS staff is participating in a workgroup led by the U.S. Attorney General with the mission of coordinating across Federal agencies to better address the needs of individuals returning to their

communities after prison. This is a wide ranging group that includes members from 16 other Federal agencies, including HHS.

FOOD, NUTRITION AND CONSUMER SERVICES ERROR RATES AND IMPROPER PAYMENTS

Mr. Kingston: Tell the Committee what USDA is doing to reduce SNAP, CN and WIC error rates and improper payments as well as fraud in all three programs.

Response: Americans support helping struggling families put food on the table, but they want to know that taxpayer dollars are being spent wisely. A top priority for this Administration is to ensure that Federal dollars are spent appropriately by correcting mistakes and ridding the programs from the threat of waste, fraud and abuse. Details are provided for the record below.

[The information follows:]

There has been consistent improvement in the accuracy of providing SNAP benefits over the last decade. Our most recent error rate of 3.81 is the lowest in history, continuing an almost decade-long trend. In FY 2000, the error rate was 8.91 percent. The FY 2010 error rate of 3.81 percent is about 57 percent less than the FY 2000 error rate. The result of the combined error rate reduction from FY 2000 to FY 2010 is a decrease in erroneous benefits of almost \$3.3 billion in FY 2010 from the level that would have existed had the FY 2000 rate stayed the same for FY 2010.

USDA continuously works to improve payment accuracy through partnerships with States and through our statutory requirements for a system that rewards exemplary performance but holds low-performing States accountable. FNS works closely with States to encourage implementation of practices that have proven helpful at reducing improper payments elsewhere.

Another State practice is data matching to verify client eligibility and detect dual participation. States have numerous options for data matching beyond those required by FNS, to further enhance payment accuracy. All States are required to verify identity, perform a death match and prisoner match, and identify and prevent duplicate participation within States. Final regulations codifying State matching requirements are in clearance and expected to be published in 2012.

States also have a variety of optional matches available including: income matches with the Internal Revenue Service; immigration status matches with U.S. Citizenship and Immigration Services; matches with the National Directory of New Hires for interstate wage and employment data on new hires, quarterly wage data and unemployment insurance; and the HHS Public Assistance Reporting Information System (PARIS), the interstate match that detects duplicate payments made to the same client and is used by Federal programs such as Medical Assistance, Medicaid, Temporary Assistance for Needy Families (TANF) and SNAP. Most States also use an interface with the Social Security Administration to verify the validity of the social security number.

FNS supports all such efforts by reimbursing 50 percent of such expenditures as allowable administrative costs. Additionally, in conjunction with the Administration's Partnership for Program Integrity, FNS will collaborate with five State governments (MS, LA, FL, GA, AL) to pilot a more advanced, real-time data matching system that we believe holds significant promise.

Intentional Program Violations (IPVs) are those in which clients provide false statements or withhold facts in order to obtain benefits and/or violate Federal legislation, regulations, or State statutes to use or traffic benefits. States can pursue cases of fraud administratively or criminally, depending on the nature of the IPV. Those found guilty will be disqualified from the Program for the appropriate period of time, as prescribed by law, either 12

months, 24 months or permanently. These disqualifications apply nationally. Certain IPV's - trafficking over \$500, trading SNAP benefits for controlled substances or firearms, and duplicate participation - carry greater penalties and/or the possibility of incarceration when pursued criminally.

In FY 2010, States conducted 782,945 fraud investigations and disqualified 44,483 individuals. In FY 2011, States collected \$314 million in recipient claims. An additional \$1.4 billion in delinquent SNAP recipient claims has been collected since 1992 via the Treasury Offset Program (TOP). Not all of these actions involved fraud.

USDA recently issued new guidance to States on pursuing fraudulent activity. Intent to sell SNAP is now considered an IPV. For example, those who offer their card for sale online can be charged with an IPV. We encourage States to use data provided by FNS regarding disqualifications of retailers to identify client households with suspicious transaction patterns for further investigation of potential trafficking violations.

These new policies add more tools to enable States to efficiently focus their time and efforts investigating recipients suspected of trafficking. FNS also continues to work closely with its State and Federal partners to investigate and prosecute trafficking. Recent activity includes: hosting meetings and/or conferences with State agencies and other Program Stakeholders; presenting consistent messaging that retailer and client trafficking is not tolerated; continuing to seek ways that we can assist States in their efforts; and surveying States to better understand their challenges and find opportunities to assist.

FNS also strives to balance the integrity of feeding America's children in the National School Lunch Program (NSLP) and School Breakfast Program (SBP). Guaranteeing the integrity of the nutrition programs while ensuring access to all eligible children remains a key priority. The Healthy, Hunger-Free Kids Act of 2010 (HHFKA) provides significant tools and strategies that can help reduce errors in the school meal programs. For example, the HHFKA increased the frequency of administrative oversight reviews of the NSLP from once every five years to once every three years and required that School Breakfast Program performance be a part of administrative reviews. It also established criteria and procedures for local educational agencies (LEAs) that demonstrate high levels of administrative error by having an individual or entity independently review the initial eligibility determinations for free and reduced-price school meals for accuracy. The HHFKA also provides alternatives to paper application systems in low-income areas to reduce the number of paper applications that are processed manually and may be susceptible to fraud. FNS is currently in the process of promulgating program regulations to implement provisions of HHFKA.

One area which has had a substantial impact on school meal program integrity is direct certification. Direct certification has been demonstrated to yield highly accurate eligibility information and to reduce administrative burdens on schools and families. The HHFKA strengthened direct certification for school meals by rewarding States for improvement in direct certification rates and establishing performance targets for all States. FNS' continuing efforts with direct certification have led to significant improvements; for example, in School Year 2010-2011, 85 percent of LEAs directly certified students from SNAP households, a substantial increase from School Year 2004-2005, when just 56 percent were directly certified.

Finally, FNS has directed States to make more thorough use of annual verification data to focus corrective action in school districts by addressing errors, better gauging accuracy, and promoting program integrity. LEAs are required to verify up to a three percent sampling of free and reduced-price applications.

Verification is only required when free or reduced price eligibility is determined through the application process and not through direct certification, which relies on rigorous data from SNAP and other means-tested programs. LEAs are required to verify applications that are determined questionable on a case-by-case basis. USDA has recently issued guidance that clarifies how LEAs can use the verification for cause process to address the issue of possible misrepresentation of income by school employees. If approving officials become aware that school employees may have misrepresented their income on applications, they may review those applications against the salary records or pay scale information which they possess for their employees. If those records indicate that the information provided on an application does not reflect what the school district knows about an employee's income, the district can send a notice to the family asking them to provide documentation of the information provided on the application. If an eligibility determination is not validated, or the parents fail to respond, the child's benefits are terminated.

FNS supports judicious use of verification for cause as a way to help address integrity concerns as they arise. FNS will continue to provide technical assistance to State and local partners when these situations occur.

FNS has also worked to ensure that WIC has the tools in place to ensure good stewardship of Federal dollars. WIC mandates one-year disqualifications for the most serious participant violations, including dual participation and misrepresentation of income. The WIC regulations also require State agencies to prevent conflicts of interest, such as clinic staff certifying themselves, close friends, or relatives, and requires State agencies to maintain information on participant and employee fraud and abuse. The improper payment rate associated with WIC is slightly below three percent. Although any overpayment is a concern, the statutory and regulatory safeguards are effective.

FNS also protects Federal dollars by requiring WIC State agencies to meet stewardship management requirements. For example, all WIC State agencies must implement a vendor peer group system, competitive price criteria, and allowable reimbursement levels in a manner that ensures that the WIC Program pays competitive prices for foods. For example, if a State agency authorizes vendors that derive more than 50 percent of their annual food sales from WIC redemptions, the State agency must ensure that use of these vendors does not result in a higher cost to the Federal government than the use of regular vendors. In an effort to ensure the most effective State policies are in place, FNS will be providing additional training to regional offices this August on how to assess State agency competitive price criteria and maximum allowable reimbursement levels. State agencies identify high-risk vendors at least once a year using criteria developed by FNS and/or other statistically-based criteria. These criteria are developed by the State agency and approved by FNS. State agencies must conduct routine monitoring visits on a minimum of five percent of authorized vendors annually, and conduct compliance investigations on a minimum of five percent of the number of vendors authorized as of October 1 of each year.

FNS measures the level of improper payments due to certification error from data collected in FY 2008-09. FNS will annually estimate and report improper payments to vendors based on information from vendor investigations routinely conducted by the State WIC Agencies and reported to FNS.

Mr. Kingston: When USDA confirms illegal or improper acts by recipients or providers in SNAP, WIC or any other nutritional program, please explain why or how these parties can continue to participate in these programs. Will the USDA consider debarring providers of nutrition assistance from these programs if found guilty of violating laws or regulations related to these programs? Please provide the specific legal rationale for current USDA actions and policies on this matter.

Response: The USDA takes fraudulent activity by retailers very seriously and the Department does remove retailers that violate the Program rules from being able to participate in the Program. Those that traffic - the worst of the possible violations - are permanently removed from ever being able to participate in SNAP. Not only will those retailers not be able to participate in SNAP ever again, but they will be removed from the WIC Program as well if they are participating retailers in that Program. In FY 2011, more than 1,200 retailers were permanently disqualified from SNAP for trafficking and another 760 retailers were sanctioned for lesser violations.

The USDA has recently strengthened its procedures to prevent the authorization of an applicant firm that attempts to circumvent the Program rules by not including the name of an owner that was previously disqualified on its application form. In addition to basic identification information, this new procedure requires that FNS secure and examine specified records, such as all business licenses, articles of incorporation, tax returns, leases, financial institution affirmations, etc., to ensure there are no ties between the new owner(s) and any previously disqualified owners. A targeted store visit and collateral contact is also required prior to authorization. In addition, store owners operating at a location where a previous owner was disqualified will be required to reauthorize annually instead of every five years.

It is our intention to use the General Services Administration's (GSA) Excluded Parties List System (EPLS) to notify other government agencies of SNAP retailers that have been permanently disqualified from participating in the Program. GSA has authorized FNS to begin the process that would allow us to add those retailers to EPLS. We are also in the process of modifying our policies to require staff to consult the EPLS prior to authorizing a store in a high risk area.

In SNAP, Intentional Program Violations (IPVs) are those in which clients provide false statements or withhold facts in order to obtain benefits and/or violate Federal legislation, regulations, or State statutes to use or traffic benefits. States can pursue cases of fraud administratively or criminally, depending on the nature of the IPV. Those found guilty will be disqualified from the Program for the appropriate period of time, as prescribed by law, either 12 months, 24 months or permanently. These disqualifications apply nationally. Trafficking over \$500, controlled substances, firearms and duplicate participation carry greater penalties and/or the possibility of incarceration when pursued criminally.

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WIC mandates one-year disqualifications for the most serious participant violations, including dual participation and misrepresentation of income. The WIC regulations also require State agencies to prevent conflicts of interest, such as clinic staff certifying themselves, close friends, or relatives, and requires State agencies to maintain information on participant and employee fraud and abuse.

FOOD, NUTRITION AND CONSUMER SERVICES COST AND PARTICIPATION

Mr. Kingston: For the past five years, please provide a table showing the estimated dollars and participants in the President's Budget request and then the actual cost and participants for that year.

Response: The information is provided for the record.

[The information follows:]

	2007		2008		2009		2010		2011	
	Request	Actual	Request	Actual	Request	Actual	Request	Actual	Request	Actual
NSLP										
Program Level (millions)	\$7,831.9	\$7,836.2	\$8,180.9	\$8,365.1	\$8,599.8	\$8,983.7	\$9,821.3	\$9,932.8	\$10,713.0	\$10,320.8
Avg Daily Participation (millions)	30.9	30.6	31.5	30.9	32.1	31.2	32.1	31.6	32.6	31.8
SBP										
Program Level (millions)	\$2,251.3	\$2,228.8	\$2,390.0	\$2,393.0	\$2,522.3	\$2,607.4	\$2,866.7	\$2,895.4	\$3,117.9	\$3,075.8
Avg Daily Participation (millions)	10.3	10.1	10.9	10.6	11.2	11.0	11.3	11.7	12.2	12.1
CACFP										
Program Level (millions)	\$2,272.1	\$2,303.7	\$2,288.8	\$2,245.2	\$2,386.8	\$2,451.7	\$2,686.5	\$2,583.2	\$2,728.8	\$2,732.1
Total Meals (millions)	1,936.0	1,846.4	1,904.0	1,896.0	1,918.7	1,900.3	1,985.9	1,910.3	1,977.7	1,925.0
SPSP										
Program Level (millions)	\$305.9	\$297.9	\$310.6	\$312.2	\$328.9	\$356.3	\$377.8	\$374.2	\$397.2	\$376.8
Total Meals (millions)	125.8	120.3	125.5	131.1	127.6	133.1	0.0	133.7	145.3	140.3
SMP										
Program Level (millions)	\$14.0	\$14.2	\$14.6	\$15.1	\$13.9	\$14.3	\$13.6	\$12.1	\$10.6	\$12.4
Total Half Pints (millions)	98.8	91.4	96.6	86.0	87.2	78.7	81.1	72.4	74.5	66.7
WIC										
Program Level (millions)	\$5,196.6	\$5,441.3	\$5,336.9	\$6,370.8	\$5,853.8	\$6,932.3	\$7,793.3	\$7,049.9	\$7,810.6	\$7,126.5
Avg Monthly Participation (millions)	8.2	8.3	8.3	8.7	8.6	9.1	9.8	9.2	10.1	9.0
SNAP										
Program Level (millions)*	\$29,441.2	\$30,252.7	\$31,307.5	\$31,369.7	\$44,117.1	\$49,306.9	\$59,814.4	\$60,928.6	\$73,076.3	\$71,729.6
Avg Monthly Participation (millions)	25.4	26.5	26.2	28.4	29.3	33.7	36.7	40.3	43.3	44.7
FDPIR										
Program Level (millions)	\$72.5	\$77.6	\$80.7	\$88.3	\$96.4	\$118.6	\$112.8	\$114.1	\$97.0	\$96.9
Avg Monthly Participation (thousands)	93.5	86.6	89.3	90.1	88.6	95.4	10.6	84.6	87.3	78.0
CSPF										
Program Level (millions)	\$0.0	\$78.4	\$0.0	\$110.9	\$0.0	\$134.0	\$129.7	\$143.1	\$135.5	\$155.1
Avg Monthly Participation (thousands)	0.0	466.1	0.0	475.3	0.0	466.7	473.5	518.8	604.5	588.1

* Includes ARRA Funds in FY 2009 through FY 2011

Program level requested amounts are from the President's Budget or the Midsession Update, if applicable.

WIC ELECTRONIC BENEFITS TRANSFER

Mr. Kingston: Please provide the Department's plan for transitioning additional WIC state programs to electronic benefits transfer (EBT). Provide the Committee with details on WIC's MIS spending from FY 2008 to FY 2011 and planned expenditures for FY 2012 and FY 2013. Lastly, provide the Committee with a detailed explanation as to how the Department is leveraging the SNAP infrastructure and the existing EBT state efforts that may be used by other states currently not a participant in EBT.

Response: The information is provided for the record.

{The information follows:}

The Department continues to promote the implementation of EBT in WIC State agencies, and provides technical assistance and funding, if available, to support the planning, development and implementation of WIC EBT systems. Currently, 57 State agencies, or well over half of all WIC State agencies, are involved in some phase of EBT - planning, development, implementation or operational Statewide. EBT implementation plans submitted by all State agencies in early FY 2012 indicated that 87 of 90 WIC State agencies have projected that they will meet the mandated deadline of October 2020. Ten State agencies currently provide WIC benefits statewide using EBT. Twenty-nine State agencies anticipate full statewide implementation by 2016, an additional 24 by 2018 and the remaining 24 by the 2020 deadline. Three State agencies plan to seek a waiver, as allowed by the Healthy Hunger-Free Kids Act of 2010. These implementation timeframes assume that adequate funding is available to implement EBT nationwide by the 2020 deadline.

The Department also continues to support the development of State agency model systems and the transfer of those systems to State agencies in need of a new management information system (MIS). Robust, state-of-the-art systems are needed to support EBT implementation by providing the necessary technology infrastructure and will facilitate nationwide EBT implementation by 2020.

Spending on WIC technology projects for both MIS and EBT for fiscal years 2008-2011 was as follows:

Project Type	FY 2008	FY 2009*	FY 2010	FY 2011
MIS	\$5,191,507	\$87,909,434	\$36,685,175	\$19,985,516
EBT	3,890,207	11,976,412	23,314,825	14,944,484
Total	9,081,714	99,885,846	60,000,000	34,930,000

*Funding provided by the American Recovery and Reinvestment Act of 2009.

New funds were not appropriated for WIC MIS and EBT in FY 2012. We are currently evaluating critical project funding needs and assessing if funds previously allocated to approved projects should be redirected to other projects with a more pressing funding need. At this time, we are not approving any new EBT planning or implementation projects unless a State agency demonstrates that it can afford to complete the project using their existing nutrition services and administration grant funds.

If technology funds are appropriated in FY 2013, WIC State agencies with existing EBT and MIS projects would receive funding based on approved project budgets and timelines. Many State agencies that put a hold on their projects in FY 2012 due to a lack of funding would be able to proceed with their EBT planning and implementation efforts.

We have learned a great deal from the implementation of EBT by the SNAP Program and many of the same providers are now supporting online WIC EBT. We continue to work closely with SNAP EBT whenever there is an opportunity. For example, we are working with State agencies and industry to develop a standard

set of WIC EBT Operating Rules and a Technical Implementation Guide, which mirror the Quest EBT Operating Rules successfully in use by the SNAP EBT State agencies. Benefitting from efforts from current EBT State agencies, WIC has developed the WIC EBT Operating Rules, which establish national standards for State implementations and impact operations for State agencies, food vendors, electronic cash register software companies and EBT providers. We have also developed a Universal Interface technical standard that enables WIC State agencies to implement standard processes that can allow EBT systems to be implemented faster and for less cost. All of these standardization efforts are built upon the best practices of the State agencies that now operate WIC EBT statewide.

Mr. Kingston: What types of savings can be achieved by full conversion to WIC EBT?

Response: WIC EBT will improve client services both in the clinic and in the store check-out lane. WIC EBT also promotes efficient and accurate vendor operations and payments, thereby helping to improve Program integrity. At this time, due to the relatively few State agencies that are EBT operational statewide, we do not have any information that would inform the Department relative to savings achieved through full conversion to WIC EBT. Implementation and operation of WIC EBT is not required to be cost neutral or to produce savings; rather, WIC EBT must be affordable within a State agency's nutrition services and administration grant.

WIC NUTRITION SERVICE ADMINISTRATION COSTS

Mr. Kingston: Total WIC costs increased by nearly \$1.5 billion or 29 percent from FY 2007 to FY 2011. However, over that same period Nutrition Services and Administration Costs have risen 35 percent. What efforts is the Department taking to reduce NSA costs so that full or near full participation can take the highest priority before using contingency funds?

Response: Beyond providing assistance in the form of supplemental food benefits, WIC uses the majority of its NSA funds to provide low-income mothers, infants and children with other non-monetary program benefits, including nutrition education, breastfeeding support, and other client services, such as healthcare referrals and immunization screening. The average monthly NSA cost per participant has grown more slowly than the standard measure of the cost of State and local government services in the last ten years. The NSA expenditure per participant was \$12.67 in FY 2001 and was \$17.33 in 2010, an increase of 36.8 percent. Over that same period, the Bureau of Economic Analysis' State and Local Government Consumption Expenditures and Gross Investment Price Index, a standard measure of the cost of State and local government services, increased by 40.1 percent.

Currently, State agencies' FY 2012 NSA grants are 6.7 percent below their FY 2011 level. The Program cannot continue to provide all participants with essential program benefits without adequate facilities, staff and computer systems. The Department and WIC State agencies are continuing to look for opportunities to contain Program costs. Like infant formula rebates, which from FY 2007 to FY 2011 reduced the Federal cost for WIC food benefits by nearly \$9 billion, WIC State and local agencies are usually the source of cost-saving initiatives that help them provide all essential WIC benefits services on their limited grant funds. Periodically, one of these initiatives, such as rebates, can be implemented by the Department at the Federal level to reduce costs nationwide. State agencies have identified procurement of new technologies as a substantial burden on their NSA grants. Since FY 2007, the Department has focused on several initiatives to reduce the cost of the development, implementation, and maintenance of new technologies, including management information systems (MIS) and electronic benefits transfer (EBT) systems. The State agency model (SAM) project has developed several model MIS systems that already have been transferred to other State

agencies. Several multi-State EBT projects are underway that will substantially reduce the costs of implementing EBT nationwide by 2020.

SNAP BENEFITS

Mr. Kingston: I have served on this Subcommittee a number of years and have watched the many proposals come out of USDA - Food Pyramid, MyPyramid, and now MyPlate - to address the obesity problem in all populations. WIC now follows a strict regimen of what foods can be purchased by mothers, infants and children. And we have new guidelines for the National School Lunch and Breakfast Programs. The only program that is essentially unrestricted happens to be the largest, which serves more than 46 million people. Just last August your Department rejected New York City's two-year pilot program to limit sugar-sweetened drinks. Other states are looking at similar efforts to reduce obesity, and there is silence from USDA.

Please explain to me why USDA continues to insist that Americans eat only the healthiest meals, but it does not make any effort to debate limitations on the types of foods purchased with SNAP benefits? To many observers, USDA is creating a contradictory situation with their limited and reactive involvement to this issue.

Response: USDA is interested in helping all Americans make healthier choices. There is little difference in the diets of lower- and higher-income families. Recent consumer expenditure data show minor differences between families with the lowest and highest incomes when it comes to budget shares for major food categories. And USDA's most recent analysis of national data on dietary intake found that SNAP participants and eligible non-participants had nutrient intakes that were more similar than dissimilar.

Additional information is provided for the record.

[The information follows:]

In the past, Congress has considered changing the SNAP authorizing statute to restrict the foods that can be purchased with SNAP benefits. However, there are significant challenges in implementing food restrictions. Foods contain many components that can affect health, and diets contain many different foods. In addition, since most SNAP clients use some of their own money to buy food, restrictions might not result in actual change in clients' diets, but simply shift the purchase of restricted foods to their own funds.

Rather than restricting purchases, USDA's approach historically has been to improve access to and encourage healthy choices through nutrition education, exploring the potential of financial incentives, and increasing the availability of nutritious products. Nutrition education is a critical component of USDA's initiatives, and helps to motivate better choices with their SNAP participants and other food resources. In addition, financial incentives to purchase fruits and vegetables with SNAP benefits are being tested as part of the Healthy Incentives Pilot, which began in 2011 and is expected to produce initial findings in Summer 2013.

Finally, improved access to healthy foods is reflected in the FNS commitment to increase substantially the number of farmers' markets that accept SNAP benefits. Between FYs 2008 and 2011, the number of farmers' markets participating in SNAP has more than tripled, and total redemptions for farmers' markets and direct marketing farmers increased four-fold.

With respect to New York City's waiver request, USDA denied it after careful consideration. We appreciated the motivation and thinking behind this request, and weighed multiple factors in making our decision, including the scale and scope of the proposed demonstration, the design of the proposed evaluation, and how the demonstration would be implemented by retailers.

PUBLIC AFFAIRS

Mr. Kingston: Please provide a table that shows the number of professional and clerical staff from each agency and USDA staff office assigned to public affairs activities and the cost by each respective organization, to include projections for fiscal year 2012 and 2013.

Response: The information is submitted for the record.

[The information follows:]

United States Department of Agriculture
Public Affairs Activities
(Dollars in Thousands)

Agency	2011		2012		2013	
	Employment	Staff Years	Employment	Staff Years	Employment	Staff Years
Office of Communications:						
Professional	59	59 0	55	55 0	59	59 0
Clerical	6	6 0	6	6 0	6	6 0
Budget Authority	\$9,480		\$8,065		\$9,006	
Location of Staff						
Washington	65	65 0	61	61 0	65	65 0
Field	0	0 0	0	0 0	0	0 0
Office of the Chief Economist:						
Professional	1	1 0	1	1 0	1	1 0
Clerical	0	0 0	0	0 0	0	0 0
Budget Authority	\$157		\$162		\$162	
Location of Staff						
Washington	1	1 0	1	1 0	1	1 0
Field	0	0 0	0	0 0	0	0 0
ARS:						
Professional	35	35 0	28	28 0	28	28 0
Clerical	2	2 0	1	1 0	1	1 0
Budget Authority	\$4,578		\$3,594		\$3,594	
Location of Staff						
Washington	37	37 0	29	29 0	29	29 0
Field	0	0 0	0	0 0	0	0 0
NIFA:						
Professional	7	7 0	6	6 0	6	6 0
Clerical	2	2 0	2	2 0	2	2 0
Budget Authority	\$808		\$723		\$723	
Location of Staff						
Washington	9	9 0	8	8 0	8	8 0
Field	0	0 0	0	0 0	0	0 0
NASS:						
Professional	3	3 0	3	3 0	3	3 0
Clerical	0	0 0	0	0 0	0	0 0
Budget Authority	\$366		\$366		\$367	
Location of Staff						
Washington	3	3 0	3	3 0	3	3 0
Field	0	0 0	0	0 0	0	0 0

	Agency	2011		2012		2013	
		Employment	Staff Years	Employment	Staff Years	Employment	Staff Years
FAS:							
Professional		11	11 1	11	10 8	12	12 0
Clerical		2	2 0	2	2 0	2	2 0
Budget Authority		\$1,521		\$1,535		\$1,677	
Location of Staff							
Washington		13	13 1	13	12 8	14	14 0
Field		0	0 0	0	0 0	0	0 0
FSA:							
Professional		14	14 0	14	14 0	14	14 0
Clerical		1	1 0	1	1 0	1	1 0
Budget Authority		\$1,428		\$1,428		\$1,435	
Location of Staff							
Washington		11	11 0	11	11 0	11	11 0
Field		4	4 0	4	4 0	4	4 0
RMA:							
Professional		7	7 0	7	7 0	7	7 0
Clerical		2	2 0	2	2 0	2	2 0
Budget Authority		\$974		\$980		\$985	
Location of Staff							
Washington		7	7 0	7	7 0	7	7 0
Field		2	2 0	2	2 0	2	2 0
RD:							
Professional		9	9 0	9	9 0	9	9 0
Clerical		0	0 0	1	1 0	1	1 0
Budget Authority		\$1,190		\$1,270		\$1,270	
Location of Staff							
Washington		9	9 0	10	10 0	10	10 0
Field		0	0 0	0	0 0	0	0 0
NRCS:							
Professional		119	119 0	119	117 0	114	112 0
Clerical		4	4 0	4	4 0	4	4 0
Budget Authority		\$11,315		\$11,465		\$11,082	
Location of Staff							
Washington		16	16 0	16	14 0	11	9 0
Field		107	107 0	107	107 0	107	107 0
APHIS:							
Professional		18	18 0	18	18 0	16	16 0
Clerical		1	1 0	0	0 0	0	0 0
Budget Authority		\$2,107		\$1,674		\$1,876	
Location of Staff							
Washington							
Field							

Agency	2011		2012		2013	
	Employment	Staff Years	Employment	Staff Years	Employment	Staff Years
AMS:						
Professional	9	6 9	7	7 5	7	7 0
Clerical	1	1 0	1	1 0	1	1 0
Budget Authority	\$975		\$975		\$975	
Location of Staff						
Washington	10	7 9	8	8 5	8	8 0
Field	0	0 0	0	0 0	0	0 0
FSIS:						
Professional	15	13 6	13	10 9	14	12 3
Clerical	2	0 6	2	0 6	2	0 6
Budget Authority	\$1,614		\$1,471		\$1,660	
Location of Staff						
Washington	17	14 2	15	11 5	16	12 9
Field	0	0 0	0	0 0	0	0 0
FNS:						
Professional	25	5 2	24	4 9	24	4 9
Clerical	0	0 0	0	0 0	0	0 0
Budget Authority	\$592		\$559		\$559	
Location of Staff						
Washington	7	1 5	7	1 5	7	1 5
Field	18	3 7	18	3 4	18	3 4
TOTAL, Public Affairs Activities:						
Professional	332	309	315	292	314	291
Clerical	23	22	22	21	22	21
Budget Authority	\$37,105		\$34,467		\$35,371	
Location of Staff						
Washington	219	209	202	191	202	192
Field	136	122	136	121	135	120

CONGRESSIONAL RELATIONS

Mr. Kingston: Please provide a table showing the total amount spent on congressional relations and a breakout by Agency, to include projections for fiscal year 2012 and 2013.

Response: The information is submitted for the record.

[The information follows:]

U. S. DEPARTMENT OF AGRICULTURE
CONGRESSIONAL RELATIONS ACTIVITIES
(Dollars in Thousands)

AGENCY	2011 Actual			2012 Estimate			2013 Estimate		
	Employment	Staff	% of Staff Years	Employment	Staff	% of Staff Years	Employment	Staff	% of Staff Years
OSFC:									
Professional	14	13 0		12	12 0		14	14 0	
Clerical	3	3 0		3	3 0		3	3 0	
Total	17	16 0	80 20 04%	15	15 0	62 24 13%	17	17 0	66 25 76%
Schedule C Positions	4	4 4		4	4 0		4	4 0	
Average Cost									
Professional	\$112			\$118			\$119		
Clerical	\$95			\$95			\$95		
Budget Authority	\$2,003			\$1,990			\$1,990		
ARS:									
Professional	1	1 00		1	1 00		1	1 00	
Clerical	0	0 00		0	0 00		0	0 00	
Total	1	1 00	8.159 0 01%	1	1 00	7.924 0 01%	1	1 00	7.924 0 01%
Schedule C Positions	0	0 0		0	0 0		0	0 0	
Average Cost									
Professional	\$131			\$111			\$111		
Clerical	\$0			\$0			\$0		
Budget Authority	\$131			\$111			\$111		
NIFA:									
Professional	1	0 7		1	0 7		1	0 7	
Clerical	1	0 1		1	0 1		1	0 1	
Total	2	0 8	397 0 20%	2	0 8	410 0 20%	2	0 8	410 0 20%
Schedule C Positions	0	0 0		0	0 0		0	0 0	
Average Cost									
Professional	\$120			\$109			\$109		
Clerical	\$40			\$2			\$2		
Budget Authority	\$130			\$111			\$111		
FAS:									
Professional	1	0 9		1	0 7		1	0 7	
Clerical	0	0 0		0	0 0		0	0 0	
Total	1	0 9	1,052 0 08%	1	0 7	1,052 0 07%	1	0 7	1,002 0 07%
Schedule C Positions	0	0 0		0	0 0		0	0 0	
Average Cost									
Professional	\$150			\$153			\$153		
Clerical	\$0			\$0			\$0		
Budget Authority	\$128			\$109			\$109		

AGENCY	2011 Actual				2012 Estimate				2013 Estimate			
	Employment	Staff Years	Total Staff Years	% of Staff	Employment	Staff Years	Total Staff Years	% of Staff	Employment	Staff Years	Total Staff Years	% of Staff
FSA:												
Professional	2	2 0			2	2 0			2	2 0		
Clerical	0	0 0			0	0 0			0	0 0		
Total	2	2 0	4,918	0 04%	2	2 0	4,494	0 04%	2	2 0	4,494	0 04%
Schedule C Positions	0	0 0			0	0 0			0	0 0		
Average Cost												
Professional	\$86				\$73				\$74			
Clerical	\$0				\$0				\$0			
Budget Authority		\$172				\$146				\$146		
RNA:												
Professional	1	0 5			1	0 5			1	0 5		
Clerical	0	0 0			0	0 0			0	0 0		
Total	1	0 5	505	0 10%	1	0 5	505	0 10%	1	0 5	505	0 10%
Schedule C Positions	0	0 0			0	0 0			0	0 0		
Average Cost												
Professional	\$96				\$82				\$82			
Clerical	\$0				\$0				\$0			
Budget Authority		\$48				\$41				\$41		
RD:												
Professional	6	3 0			9	3 0			9	3 0		
Clerical	0	0 0			0	0 0			0	0 0		
Total	6	3 0	5,849	0 05%	9	3 0	5,346	0 05%	9	3 0	5,346	0 05%
Schedule C Positions	0	0 0			0	0 0			0	0 0		
Average Cost												
Professional	\$90				\$90				\$90			
Clerical	\$0				\$0				\$0			
Budget Authority		\$271				\$230				\$230		
MRCS:												
Professional	1	1 0			1	1 0			1	1 0		
Clerical	1	1 0			0	0 0			0	0 0		
Total	2	2 0	11,712	0 02%	1	1 0	11,131	0 01%	1	1 0	10,698	0 01%
Schedule C Positions	0	0 0			0	0 0			0	0 0		
Average Cost												
Professional	\$156				\$156				\$156			
Clerical	\$27				\$0				\$0			
Budget Authority		\$183				\$156				\$156		

	AGENCY	2011 Actual				2012 Estimate				2013 Estimate			
		Employment		Staff		Employment		Staff		Employment		Staff	
		Years	% of	Years	% of	Years	% of	Years	% of	Years	% of		
APRIS:													
Professional		3	1.04			3	0.8			3	0.69		
Clerical		0	0.0			0	0.0			0	0.0		
Total		3	1.04	7,929	0.01%	3	0.8	7,836	0.01%	3	0.69	7,682	0.01%
Schedule C Positions		0	0.0			0	0.0			0	0.0		
Average Cost													
Professional		\$128				\$135				\$137			
Clerical		\$0				\$0				\$0			
Budget Authority			\$130				\$111				\$100		
AMS:													
Professional		2	1.5			2	1.4			2	1.4		
Clerical		0	0.0			0	0.0			0	0.0		
Total		2	1.5	2,468	0.06%	2	1.4	2,468	0.05%	2	1.4	2,468	0.05%
Schedule C Positions		0	0.0			0	0.0			0	0.0		
Average Cost													
Professional		\$87				\$56				\$56			
Clerical		\$0				\$0				\$0			
Budget Authority			\$131				\$111				\$111		
FSIS:													
Professional		5	4.9			4	4.0			4	4.0		
Clerical		0	0.0			0	0.0			0	0.0		
Total		5	4.9	9,465	0.05%	4	4.0	9,540	0.04%	4	4.0	9,040	0.04%
Schedule C Positions		0	0.0			0	0.0			0	0.0		
Average Cost													
Professional		\$54				\$58				\$58			
Clerical		\$0				\$0				\$0			
Budget Authority			\$271				\$230				\$230		
FNS:													
Professional		3	1.70			3	1.70			3	1.70		
Clerical		1	0.50			1	0.50			1	0.50		
Total		4	2.20	1,053	0.21%	4	2.20	1,000	0.22%	4	2.20	1,000	0.22%
Schedule C Positions		1	0.0			1	0.0			1	0.0		
Average Cost													
Professional		\$150				\$150				\$150			
Clerical		\$69				\$69				\$69			
Budget Authority			\$271				\$230				\$230		

AGENCY	2011 Actual				2012 Estimate				2013 Estimate			
	Employment		Staff		Employment		Staff		Employment		Staff	
	Years	% of	Years	% of	Years	% of	Years	% of	Years	% of	Years	% of
TOTAL. Congressional Relations Activities:												
Professional	40	31.2			40	28.8			42	30.7		
Clerical	6	4.6			5	3.6			5	3.6		
Total	46	35.8	53.587	0.07%	45	32.4	51.768	0.06%	47	34.3	50.835	0.07%
Schedule C Positions	5	4.4			5	4.0			5	4.0		
Budget Authority			\$3,869			\$3,576				\$3,565		

Mr. Kingston: Please provide a table that shows the transfers, by agency, from the Office of Congressional Relations, and the amount retained for the immediate Assistant Secretary for fiscal years 2010, 2011 and estimated for 2012. Are there plans to consolidate all agency congressional relations functions under the Assistant Secretary?

Response: In fiscal year 2010, the Office of Congressional Relations transferred \$2,023,000. In fiscal year 2011, \$1,866,000 was transferred to the agencies, and \$1,586,000 was transferred in fiscal year 2012. There are no plans to consolidate all agency congressional relations functions under the Assistant Secretary.

[The information follows:]

**OFFICE OF THE SECRETARY
OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS
(Dollars in Thousands)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Farm Service Agency	\$187	\$172	\$146
Foreign Agricultural Service	142	128	109
Risk Management Agency	50	48	41
Total, Farm and Foreign Agricultural Services.....	379	348	296
Rural Development	289	271	230
Food and Nutrition Service	289	271	230
Natural Resources Conservation Service	199	183	156
Food Safety and Inspection Service	289	271	230
Agricultural Research Service	145	131	111
National Institute of Food and Agriculture.....	144	130	111
Total, Research, Education and Economics.....	289	261	222
Agricultural Marketing Service	145	131	111
Animal and Plant Health Inspection Service	144	130	111
Total, Marketing and Regulatory Programs.....	289	261	222
Total Transferred to Agencies	2,023	1,866	1,586
Office of the Assistant Secretary for Congressional Relations			
Congressional Relations.....	1,529	1,587	1574
Intergovernmental Affairs.....	416	416	416
Total, Office of the Assistant Secretary for Congressional Relations.....	1,945	2,003	1,990
Total Appropriated.....	3,968	3,869	3,576

DIRECT LOAN WRITE-OFFS

Mr. Kingston: Please provide a table showing the amount of direct farm loans, direct housing loans, and direct rural community advancement program loans that have been written off the books from fiscal year 2000 to the present.

Response: The information is provided for the record.

[The information follows:]

**RURAL COMMUNITY ADVANCEMENT PROGRAM
WRITE-OFFS AND LOSSES ON INSURED LOANS
FY 2000 Through January 31, 2012
(in thousands of dollars)**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Write-offs on Insured Loans														
Water and Waste Disposal Loans	\$3,160	8,227	\$241	\$1,220	\$1,155	\$170	0	\$9,694	\$3,930	\$1,509	\$1,555	\$2,660	\$2,72	\$25,794
Community Facility Loans	4,544	1,385	5	3,207	8,806	4,100	\$6,909	8,869	14,709	4,306	10,228	15,159	3,843	\$66,071
Business and Industry Loans	77	1,016	2,244	3,256	9,665	3,678	4,939	21,566	15,334	4,329	1,118	2,047	1,454	70,723
Resource Conservation and Development Loans & Recreation Association Loans	0	42	0	0	0	0	251	100	0	0	0	0	0	353
Total Write-off Insured Loans	\$7,781	2,670	2,491	7,683	19,627	7,948	12,099	40,229	33,973	10,144	12,901	19,865	5,569	182,981
Less Recoveries														
Community Facilities Loans	0	0	1,809	350	725	450	42	0	195	0	0	0	0	3,571
Business and Industry Loans	0	135	0	65	128	285	1,121	0	128	0	0	0	0	1,745
Total Recoveries	0	135	1,809	415	725	578	1,263	0	323	0	0	0	0	5,316
Total Losses on Insured Loans	7,781	2,535	682	7,267	18,902	7,370	11,762	39,108	33,778	10,144	12,901	19,866	5,569	177,665

**RURAL HOUSING INSURANCE FUND
WRITE-OFFS AND LOSSES ON DIRECT LOANS
FY 2000 through January 31, 2012
(in thousands of dollars)**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Write-offs on Direct Loans														
General Purpose Loans 1/	\$68,006	\$306,343	\$224,549	\$150,870	\$134,591	\$93,561	\$71,846	\$247,626	\$43,758	\$88,268	\$142,412	\$181,030	\$47,157	\$1,700,307
Domestic Farm Labor Loans	202	2	1	39	59	77	52	0	30	0	22	0	0	484
Rental or Cooperative Loans	14,110	15,022	14,369	14,571	10,318	9,332	5,540	27,208	18,109	21,055	25,211	13,742	9,041	196,498
Site Loans	0	0	78	0	0	0	0	0	0	0	0	0	0	78
Self-Help	0	0	0	251	0	0	0	162	0	0	0	0	0	413
Total Write-offs on Direct Loans	\$82,318	\$221,367	\$238,937	\$165,731	\$145,168	\$102,970	\$77,438	\$274,956	\$61,897	\$109,283	\$167,645	\$194,772	\$55,196	\$1,997,780
Gain (-) or Losses at Acquisition of Acquired Property and Chattels	-4,668	-6,100	-4,512	-4,232	-2,799	-580	9	-3,436	-10,550	-8,269	-6,821	1,127	-1,006	-51,837
Gain (-) or Losses on Sale of Acquired Property and Chattels	12,517	19,422	19,860	16,010	12,517	6,672	2,627	2,430	4,291	5,660	9,654	10,550	4,041	125,274
Less Recoveries 2/	0	0	0	0	0	0	0	0	21,102	19,967	22,705	23,120	0	86,894
Total Losses on Insured Loans Net of Recoveries	90,167	234,689	254,365	177,509	154,886	109,065	80,074	273,990	76,740	126,641	192,183	229,569	58,233	2,058,111

Note: Amounts include currently not collectible written off the financial records but still included on the borrower record

1/ Includes single family homeownership and repair loans (section 502, 504 and single family credit sales)

2/ Recoveries are included on financing loans only

FARM SERVICE AGENCY														
WRITE-OFFS ON DIRECT FARM LOANS														
FY 2000 through January 31, 2012														
(in thousands of dollars)														
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Beginning Principal	99,035,418	98,710,486	98,481,504	97,922,653	97,512,484	95,855,304	96,311,412	98,101,785	95,953,213	95,947,567	94,576,959	97,369,973	97,685,188	994,466,853
Loan Write-offs net of recoveries (Principal and Interest)	473,178	349,942	446,967	385,291	291,949	244,820	185,769	145,351	99,627	49,042	77,631	125,155	33,692	2,908,424
Loan Write-offs as Percent of Principal	5.3%	4.0%	5.8%	4.9%	5.9%	5.8%	2.9%	2.4%	1.7%	0.8%	1.2%	1.7%	0.4%	3.1%

OSEC STAFFING

Mr. Kingston: Provide a table that lists current staff in each of the OSEC offices, the position title, the grade level, the pay costs associated with each position, the identity of appointment, and how they are funded for fiscal years 2010, 2011, and estimated 2012.

Response: The following table lists current staff on board in each of the OSEC offices, the position title, the grade level, and the pay costs associated with each position. The table also identifies Presidential Appointments with Senate Confirmation-PAS, Schedule C, Non-career, Career positions, and how they are funded. The table reflects staff on board as of September 30, 2010 for fiscal year 2010; September 30, 2011, for fiscal year 2011, as of February 17, 2012 for fiscal year 2012.

[The information follows:]

IMMEDIATE OFFICE
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY		APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC		PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC		PAS
Chief of Staff	ES	177,000	44,250	OSEC		Non-Career
Deputy Chief of Staff	ES	179,700	44,925	OSEC		Non-Career
Senior Advisor to the Secretary	ES	149,040	37,260	OSEC		Non-Career
Senior Advisor to the Secretary	ES	152,250	38,062	OSEC		Non-Career
Senior Advisor	ES	140,000	35,000	OSEC		Non-Career
Senior Advisor	ES	140,000	35,000	OSEC		Non-Career
Chief of Staff to the Deputy Secretary	ES	145,000	36,250	OSEC		Non-Career
Manager of CODEX Alimentarius	ES	177,833	44,458	FSIS		Career
Senior Policy Advisor	ES	152,250	38,063	FS/NRCS		Non-Career
Senior Advisor	ES	140,000	35,000	OSEC		Non-Career
Special Assistant	GS-14/06	122,744	30,686	OSEC		Career
White House Liaison	GS-15/02	127,883	31,971	Reimb. Advisory		Schedule C
Senior Program Manager for Global Food Securities	GS-15/02	127,883	31,971	FAS		Schedule C
Executive Assistant	GS-12/10	97,333	24,333	OSEC		Career
Staff Assistant	GS-09/01	51,630	12,908	OSEC		Career
Confidential Assistant	GS-15/02	127,883	31,971	RD		Schedule C
Staff Assistant	GS-09/01	51,630	12,908	OSEC		Career
Confidential Assistant	GS-11/02	64,548	16,137	Reimb. Advisory		Schedule C
Deputy Director	GS-12/01	74,872	18,718	Reimb. Faith Based		Career Conditional
Secretary	GS-10/09	72,022	18,006	OSEC		Career
Secretary	GS-10/10	73,917	18,479	OSEC		Career
Secretary	GS-10/09	72,022	18,006	OSEC		Career
Director of Faith Based	GS-15/02	127,883	31,971	Reimb. Faith Based		Schedule C

Program Assistant	GS-07/01	42,209	10,552	Reimb. Faith Based	Career
Program Assistant	GS-07/01	42,209	10,552	Reimb. Faith Based	Career

IMMEDIATE OFFICE
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	4,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Senior Advisor to the Secretary	ES	152,250	38,062	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Chief of Staff to the Deputy Secretary	ES	145,000	36,250	OSEC	Non-Career
Senior Policy Advisor	ES	152,250	38,063	FS	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	142,560	35,640	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	RD	Non-Career
Advisor Special Projects	GS-15/03	132,009	33,002	OSEC	Schedule C
White House Liaison	GS-15/03	132,009	33,002	OSEC	Schedule C
Senior Program Manager for Global Food Securities	GS-15/03	132,009	33,002	FAS	Schedule C
Director of Faith Based	GS-15/03	132,009	33,002	Reimb. Faith Based	Schedule C
Special Assistant	GS-14/08	129,758	32,440	OSEC	Career
Committee Management Officer	GS-14/08	129,758	32,440	Reimb. Advisory	Career
Executive Assistant	GS-12/10	97,333	24,333	OSEC	Career
Deputy Director	GS-12/02	77,368	19,342	Reimb. Faith Based	Career Conditiona l
Deputy White House Liaison	GS-12/02	77,368	19,342	Reimb. Advisory	Schedule C
Secretary	GS-10/10	73,917	18,479	OSEC	Career
Secretary	GS-10/09	72,022	18,006	OSEC	Career
Staff Assistant	GS-09/02	53,350	13,338	OSEC	Career
Program Assistant	GS-09/01	51,630	12,908	Reimb. Faith Based	Career
Secretary	GS-09/01	51,630	14,198	OSEC	Career
Special Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Program Assistant	GS-07/01	42,209	10,552	Reimb. Faith Based	Career

IMMEDIATE OFFICE
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	RD	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Chief of Staff to the Deputy Secretary	ES	145,000	36,250	OSEC	Non-Career
Senior Policy Advisor	ES	152,250	38,063	FS	Non-Career
Senior Advisory	ES	142,560	35,640	OSEC	Non-Career
White House Liaison	GS-15/04	136,134	34,034	OSEC	Schedule C
Senior Program Manager for Global Food Securities	GS-15/03	132,009	33,002	FAS	Schedule C
Director of Faith Based	GS-15/03	132,009	33,002	Reimb. Faith Based	Schedule C
Special Assistant	GS-14/08	129,758	32,440	OSEC	Career
Committee Management Officer	GS-14/08	129,758	32,440	Reimb. Advisory	Career
Executive Assistant	GS-12/10	97,333	24,333	OSEC	Career
Deputy Director	GS-12/02	77,368	19,342	Reimb. Faith Based	Career Conditional
Deputy White House Liaison	GS-12/02	77,368	19,342	Reimb. Advisory	Schedule C
Secretary	GS-10/10	73,917	18,479	OSEC	Career
Secretary	GS-10/09	72,022	18,006	OSEC	Career
Staff Assistant	GS-09/02	53,350	13,338	OSEC	Schedule C
Secretary	GS-09/04	56,791	14,198	OSEC	Career
Special Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Program Assistant	GS-09/01	51,630	12,908	Reimb. Faith Based	Career

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Special Assistant	GS-14/06	122,744	30,686	OSEC	Schedule C
Special Assistant	GS-13/04	97,936	24,484	FSA/FAS/RMA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Deputy Under Secretary	ES	140,000	35,000	FSA	Non-Career
Special Assistant	GS-14/06	122,744	30,686	OSEC	Schedule C
Special Assistant	GS-13/04	97,936	24,484	FSA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Deputy Under Secretary	ES	140,000	35,000	OSEC	Non-Career
Special Assistant	GS-15/04	136,134	34,034	FSA/FAS/RMA	Schedule C
Special Assistant	GS-13/01	89,033	22,258	FSA/FAS/RMA	Schedule C

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Executive Assistant	GS-12/06	87,350	21,838	OSEC	Career
Staff Assistant	GS-11/04	68,712	17,178	OSEC	Career

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	155,000	38,750	OSEC	Non-Career
White House Fellow	GS-14/03	112,224	28,056	FNS	Schedule C
Executive Assistant	GS-12/06	87,350	21,838	OSEC	Career
Staff Assistant	GS-11/04	68,712	17,178	OSEC	Career

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	155,000	38,750	OSEC	Non-Career
White House Fellow	GS-14/03	112,224	28,056	FNS/AMS/FSIS	Schedule C
Executive Assistant	GS-12/06	87,350	21,838	FNS	Career
Staff Assistant	GS-11/04	68,712	17,178	FNS	Career

UNDER SECRETARY FOR FOOD SAFETY
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,250	OSEC	PAS
Deputy Under Secretary	ES	155,000	38,750	OSEC	Non-Career
Executive Assistant	GS-15/02	127,883	31,971	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	OSEC	Career
Secretary	GS-11/09	79,122	19,781	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,250	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Manager for CODEX Alimentarius	ES	177,833	44,458	FSIS	Career
Executive Assistant	GS-15/03	132,009	33,002	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	OSEC	Career
Secretary	GS-11/09	79,122	19,781	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,250	OSEC	PAS
Deputy Under Secretary	ES	\$145,000	36,250	OSEC	Non-Career
Manager for CODEX Alimentarius	ES	177,833	44,458	FSIS	Career
Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	FSIS	Career
Secretary	GS-11/09	79,122	19,781	FSIS	Career

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Natural Resource Specialist	GS-13/02	92,001	23,000	NRCS	Career
Environmental Engineer	GS-15/07	148,510	37,128	FS/NRCS	Career
Deputy Director of Environmental Markets	GS-15/01	123,758	30,940	FS/NRCS	Career
Special Assistant	GS-14/03	112,224	28,056	OSEC	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Special Assistant	GS-14/04	115,731	28,933	FS/NRCS	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	FS/NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	FS/NRCS	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	GS-15/04	136,134	34,034	OSEC	Schedule C
Special Assistant	GS-14/04	115,731	28,933	FS/NRCS	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	165,300	41,325	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Director, Office of the Chief Scientist	ES	160,336	40,084	OSEC	Career
Senior Advisor	GS-15/10	155,500	38,875	OSEC	Schedule C
Chief of Staff	GS-15/03	132,009	34,752	OSEC	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	165,300	41,625	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Director, Office of the Chief Scientist	ES	160,336	40,084	ARS/NIFA/ ERS/NASS	Career
Chief of Staff	GS-15/04	136,134	34,752	ARS/NIFA/ ERS/NASS	Schedule C
Special Assistant	GS-12/01	74,872	18,718	OSEC	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	165,300	41,625	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Director, Office of the Chief Scientist	ES	160,336	40,084	OSEC	Career
Acting Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Special Assistant	GS-12/01	74,872	18,718	ARS/NIFA/ ERS/NASS	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Chief of Staff	GS-15/10	155,500	38,875	OSEC	Schedule C
Director, Economic and Community Development	GS-15/04	136,134	34,034	RD	Schedule C
Confidential Assistant	GS-12/01	74,874	18,719	RD	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Director, Economic and Community Development	GS-15/04	136,134	34,034	RD	Schedule C
Consultant	EF-0/0	45,374	11,344	RD	Schedule B
Confidential Assistant	GS-12/01	74,874	18,719	RD	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	152,250	38,063	OSEC	Non-Career
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Senior Advisor	GS-15/10	155,500	38,875	RD	Schedule C
Chief of Staff	GS-15/03	132,009	33,002	RD	Schedule C
Director, Legislative and Public Affairs	GS-15/06	144,385	36,096	RD	Schedule C

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Chief of Staff	GS-15/08	152,635	38,159	OSEC	Schedule C
Confidential Assistant	GS-11/02	64,548	16,137	AMS/APHIS /GIPSA	Schedule C
Program Specialist	GS-12/05	84,855	21,214	AMS/APHIS /GIPSA	Career
Staff Assistant	GS-09/01	51,630	12,908	AMS/APHIS /GIPSA	Career
Staff Assistant	GS-15/01	113,735	28,434	AMS/APHIS /GIPSA	Career
Program Specialist	GS-14/04	115,731	28,933	AMS/APHIS /GIPSA	Career

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Program Specialist	GS-14/04	115,731	28,933	AMS/APHIS /GIPSA	Career
Program Specialist	GS-13/03	94,969	23,742	AMS/APHIS /GIPSA	Career
Staff Assistant	GS-11/01	62,467	15,617	AMS/APHIS /GIPSA	Career
Staff Assistant	GS-15/01	113,735	28,434	AMS/APHIS /GIPSA	Career
Program Specialist	GS-11/01	62,467	15,617	AMS/APHIS /GIPSA	Schedule C

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Program Specialist	GS-14/04	115,731	28,933	AMS	Career
Confidential Assistant	GS-13/01	89,033	22,258	AMS/APHIS /GIPSA	Schedule C
Program Specialist	GS-13/03	94,969	23,742	AMS/APHIS /GIPSA	Career
Staff Assistant	GS-11/01	62,467	15,617	AMS/APHIS /GIPSA	Career
Program Specialist	GS-11/01	62,467	15,617	AMS/APHIS /GIPSA	Schedule C

ASSISTANT SECRETARY FOR ADMINISTRATION
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	166,400	41,600	OSEC	Career
Deputy Assistant Secretary	ES	164,400	41,100	OSEC	Career
Chief of Staff	GS-15/02	127,883	31,971	OSEC	Schedule C
Management Specialist	GS-15/07	148,510	37,128	DM	Career
Chief of Staff	GS-15/01	123,758	30,940	DM	Schedule C
Special Assistant	GS-15/01	123,758	30,940	DM	Schedule C
Consultant	GS-13/05	100,904	25,226	DM	Career Conditional
Secretary	GS-12/01	74,872	18,718	DM	Career Conditional
Secretary	GS-11/08	77,040	19,260	DM	Career

ASSISTANT SECRETARY FOR ADMINISTRATION
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Associate Assistant Secretary	ES	179,700	44,925	Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	179,700	44,925	OSEC	Career
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Deputy Director, OAO	ES	133,900	33,475	Greenbook Reimb.	Non-Career
Special Assistant	GS-15/10	155,500	38,875	Greenbook Reimb.	Career
EEO Specialist	GS-14/09	133,264	33,316	FS	Career
Horticulturist Marques	GS-14/09	133,264	33,316	Greenbook Reimb.	Career
Management Analyst	GS-12/01	74,872	18,718	Greenbook Reimb.	Career
Secretary	GS-12/01	74,872	18,718	DM	Career
Executive Assistant	GS-09/01	51,630	12,908	DM	Career
Secretary	GS-08/08	57,649	14,412	Greenbook Reimb.	Career

ASSISTANT SECRETARY FOR ADMINISTRATION
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Associate Assistant Secretary	ES	179,700	44,925	Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	179,700	44,925	OSEC	Career
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Deputy Director, OAO	ES	133,900	33,475	Greenbook Reimb.	Non-Career
Special Assistant	GS-15/07	148,510	37,128	Greenbook Reimb.	Career
Special Assistant	GS-15/10	155,500	38,875	Greenbook Reimb.	Career
EEO Specialist	GS-14/09	133,264	33,316	Greenbook Reimb.	Career
Horticulturist Marques	GS-14/09	133,264	33,316	Greenbook Reimb.	Career
Management Analyst	GS-12/01	74,872	18,718	Greenbook Reimb.	Career
Program Specialist	GS-13/02	92,001	25,000	DM	Career
Executive Assistant	GS-09/01	51,630	12,908	Admin.	Career
Secretary	GS-08/08	57,649	14,412	Greenbook Reimb.	Career

ASSISTANT SECRETARY FOR CIVIL RIGHTS
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	GS-15/06	150,800	37,700	OSEC	Non-Career
Deputy Director for Advocacy	ES	133,900	33,475	OSEC	Schedule C
Special Assistant	GS-13/04	97,936	24,484	OSEC	Schedule C
Administrative Specialist	GS-12/09	94,837	23,709	OSEC	Career
Executive Assistant	GS-12/07	89,846	22,462	Civil Rights	Career
Special Assistant	GS-13/02	92,001	23,000	Civil Rights	Schedule C

ASSISTANT SECRETARY FOR CIVIL RIGHTS
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Special Assistant	GS-13/04	97,936	24,484	OSEC	Schedule C
Administrative Specialist	GS-12/10	99,333	24,833	Civil Rights	Career
Executive Assistant	GS-12/08	92,341	23,085	Civil Rights	Career
Special Assistant	GS-13/02	92,001	23,000	Civil Rights	Schedule C
Compliance Analyst Specialist	GS-09/02	53,350	13,338	Civil Rights	Schedule C

ASSISTANT SECRETARY FOR CIVIL RIGHTS
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Senior Advisor	GS-14/01	105,211	26,303	OSEC	Schedule C
Administrative Specialist	GS-12/10	97,333	24,333	Civil Rights	Career
Executive Assistant	GS-12/08	92,341	23,085	Civil Rights	Career

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	150,000	37,500	OSEC	Non-Career
Special Assistant	GS-15/01	123,758	30,940	OSEC	Schedule C
Director, Intergovernmental Affairs	GS-15/05	140,259	35,065	OSEC	Schedule C
Deputy Director, Intergovernmental Affairs	GS-15/02	127,883	31,971	OSEC	Schedule C
Senior Advisor	GS-15/03	132,009	33,002	RD	Schedule C
Special Assistant	GS-15/06	144,385	36,097	RD	Career
Special Assistant	GS-12/05	84,855	21,214	OSEC	Career
Confidential Assistant	GS-14/04	115,731	28,933	OSEC	Schedule C
Legislative Analyst	GS-11/01	62,467	15,617	OSEC	Career
Staff Assistant	GS-11/01	62,467	15,617	OSEC	Schedule C
Special Assistant	GS-11/02	64,548	16,137	OSEC	Schedule C
Secretary	GS-11/07	74,958	18,740	OSEC	Career
Motor Vehicle Operator	WG-07/05	51,511	12,878	OSEC	Career
Administrative Assistant	GS-10/08	70,126	17,532	OSEC	Career
Legal Analyst	GS-09/01	51,630	12,908	OSEC	Schedule C

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Assistant Secretary	ES	149,350	46,508	OSEC	Non-Career
Director, Intergovernmental Affairs	GS-15/06	144,385	40,125	OSEC	Schedule C
Deputy Director, Intergovernmental Affairs	GS-14/01	105,211	32,279	OSEC	Schedule C
Senior Advisor	ES	148,510	37,128	RD	Career
Senior Advisor for Labor Affairs	GS-15/04	136,134	34,034	RD	Schedule C
Special Assistant	GS-12/05	84,855	17,794	OSEC	Career
Staff Assistant	GS-12/01	74,872	18,718	OSEC	Schedule C
Special Assistant	GS-15/01	123,758	33,093	OSEC	Schedule C
Legislative Analyst	GS-07/02	43,616	13,857	OSEC	Career
Staff Assistant	GS-07/01	42,209	10,552	OSEC	Schedule C
Special Assistant	GS-11/07	74,958	18,740	OSEC	Schedule C
Secretary	GS-12/03	79,864	26,547	OSEC	Career
Transportation Assistant	WG-08/05	52,976	13,244	OSEC	Career
Special Assistant	GS-11/07	74,958	28,544	OSEC	Career
Legal Analyst	GS-11/02	64,548	16,137	OSEC	Schedule C
Legislative Assistant Intern	GS-07/01	42,209	14,887	OSEC	Career

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	149,350	37,338	OSEC	Non-Career
Director, Intergovernmental Affairs	GS-15/06	144,385	36,096	OSEC	Schedule C
Senior Advisor	ES	165,300	41,325	RD	Career
Special Assistant	GS-12/06	87,350	21,838	OSEC	Career
Special Assistant	GS-15/01	123,758	30,940	OSEC	Schedule C
Legislative Analyst	GS-09/01	51,630	12,908	OSEC	Career
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Special Assistant	GS-11/07	74,958	18,740	OSEC	Schedule C
Secretary	GS-12/04	82,359	20,590	OSEC	Career
Transportation Assistant	WG-08/05	52,976	13,244	OSEC	Career
Special Assistant	GS-11/07	74,958	18,740	OSEC	Career
Legal Analyst	GS-11/02	64,548	16,137	OSEC	Schedule C
Legislative Assistant Intern	GS-07/02	43,616	10,904	OSEC	Career

OFFICE OF TRIBAL RELATIONS
Fiscal Year 2010

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Senior Advisor for Tribal Issues	ES	\$145,000	\$36,250	OTR	Non-Career
Program Specialist	GS-13/01	89,033	22,258	OTR	Career
Program Specialist	GS-13/04	97,936	24,484	OTR	Career
Program Assistant	GS-08/01	46,745	11,686	OTR	Career
Student Trainer Management Analyst	GS-07/01	42,209	10,552	OTR	Career

OFFICE OF TRIBAL RELATIONS
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Senior Advisor for Tribal Issues	ES	\$145,000	\$36,250	OTR	Non-Career
Program Specialist	GS-13/03	87,278	21,820	OTR	Career
Program Specialist	GS-13/05	100,904	25,226	Greenbook Reimb.	Career
Management Analyst	GS-09/01	51,630	12,908	OTR	Career

OFFICE OF TRIBAL RELATIONS
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Senior Advisor for Tribal Issues	ES	\$145,000	\$36,250	OTR	Non-Career
Program Specialist	GS-13/03	87,278	21,820	OTR	Career
Program Specialist	GS-13/05	100,904	25,226	Greenbook Reimb.	Career
Management	GS-09/02	53,350	13,338	OTR	Career

ADVISORY COMMITTEES

Mr. Kingston: For the record, please provide a list of all advisory committees, panels, task forces, and commissions that are funded in FY 2010, 2011 and estimated 2012. Indicate those that are mandated by law and those that are discretionary as well as the funding level of each. Also list each advisory committee, panel, task force and commission that you propose to operate in FY 2013 and the proposed budget for each office.

Response: I will supply the information on all advisory committees, panels, task forces, and commissions that are funded in fiscal year 2010, 2011 and estimated for 2012. Operations for fiscal year 2013 will be considered after final Congressional action. However, the increased request from \$1.8 million in 2012 to \$2.9 million in 2013 is due to several committees experiencing organizational changes that require an increase in operating costs. Additionally, the Administrative Conference of the United States, General Services Administration, and the White House have continued to demand greater use of technology to make Federal advisory committees more transparent to the public. In response, USDA must have an increase in the General Provision to cover the cost of webcasting and transcripts.

[The information follows:]

AUTHORITY AND FUNDING FOR USDA ADVISORY COMMITTEES
(Dollars in Thousands)

Committee Title	Authority Statutory (S); or Discretionary (D)	FY 2010	FY 2011	FY 2012
FOOD NUTRITION AND CONSUMER SERVICES				
National Advisory Council on Maternal, Infant, and Fetal Nutrition	S 21 U.S.C. 1786	541,294	550,000	555,000
FY 2010 Dietary Guidelines Advisory Committee	S 21 U.S.C. 5341	216,668	0	0
FOOD SAFETY				
National Advisory Committee on Meat and Poultry Inspection	S 21 U.S.C. 652(a)(1)	33,534	68,000	50,000
National Advisory Committee on Microbiological Criteria for Foods	D Departmental Regulation 10-2-28	10,488	160,000	200,000
RESEARCH, EDUCATION AND ECONOMICS				
NIFA Forestry Research Advisory Council	S 16 U.S.C. 652a-4	34,185	65,000	0
ARS Advisory Committee on Biotechnology and 21 st Century Agriculture	D Departmental Regulation 10-2-0-9	0	286,000	274,000
NASS Advisory Committee on Agricultural Statistics	D Departmental Regulation 10-2-130	0	35,000	70,000
USDA Hispanic Association of Colleges and Universities	D Memorandum of Agreement dated 10/96	25,359	23,000	20,941
MARKETING AND REGULATORY PROGRAMS				
APHIS National Wildlife Services Advisory Committee	D Departmental Regulation 10-2-2	0	24,000	43,600
APHIS General Conference Committee on the National Poultry Improvement Plan	D Departmental Regulation 10-2-58	24,245	8,500	33,000
APHIS Advisory Committee on Foreign Animal and Poultry Diseases	D Departmental Regulation 10-2-31	0	35,000	45,000
AMS National Organic Standards Board	S 21 U.S.C. 6501-6522	84,762	90,000	190,000
AMS Fruit and Vegetable Industry Advisory Committee	D Departmental Regulation 10-2-139	69,569	70,000	98,000
GIPSA Federal Grain Inspection Advisory Committee	S 21 U.S.C. 871	35,781	47,000	40,000
FARM AND FOREIGN AGRICULTURAL SERVICES				
FAS Agricultural Policy Advisory Committee for Trade	S 19 U.S.C. 2101	18,066	18,420	50,550
FAS Agricultural Technical Advisory Committees for Trade	S 19 U.S.C. 2101	108,396	111,120	124,300
FAS Advisory Committee on Emerging Markets	S 21 U.S.C. 1-21	18,066	25,000	20,000
FAS Consultative Group on Child Labor and Forced Labor	S 22 U.S.C. 7101	12,030	14,000	0
FSA Dairy Industry Advisory Committee	S 21 U.S.C. 1911	90,691	100,000	0
FSA Edward Madigan Award Advisory Committee	S 21 U.S.C. 5678	0	0	20,000
NATURAL RESOURCES AND ENVIRONMENT				
Task Force on Agricultural Air Quality Research	S 21 U.S.C. 5-05	100,073	180,000	150,000

Committee Title	Authority Statutory (S) or Discretionary (D)	Funds		
		FY 2010	FY 2011	FY 2012
OFFICE OF ADVOCACY AND OUTREACH				
Native American Advisory Committee	Agency-Discretionary			\$7,000
Minority Farmer Advisory Committee	S * U S C 22.9	0	\$0,000	101,000
Advisory Committee on Beginning Farmers and Ranchers	S * U S C 19.29	0	\$0,000	112,000
Subtotal Advisory Committees		943,237	1,570,140	1,799,591
Contingency Reserve		\$56,763	229,860	609
TOTAL ADVISORY COMMITTEES UNDER THE STATUTORY CAP		\$1,800,000	\$1,800,000	\$1,800,000
ADVISORY COMMITTEE EXEMPT FROM THE STATUTORY CAP				
RESEARCH EDUCATION AND ECONOMICS				
National Agricultural Research Extension Education and Economics Advisory Board	S * U S C 3123	297,000	407,000	500,000
TOTAL ADVISORY COMMITTEES		\$2,097,000	\$2,207,000	\$2,300,000

OUTSIDE COUNSEL

Mr. Kingston: Please provide the name and firm of any outside counsel hired by the Department in FY 2010 and 2011, the total amount paid for their services, and the reason they were hired.

Response: The information is submitted for the record.

[The information follows:]

U.S. DEPARTMENT OF AGRICULTURE
Outside Legal Counsel
(Dollars in Thousands)

Agency	Counsel's Name	Firm Name	Amount Paid in 2010	Amount Paid in 2011	Reason/Purpose for Hiring Outside Legal Counsel
Agricultural Research Service	Ben Alston and Charles Byrd	Alston & Byrd	\$20.0	0.0	Provide ARS/HRD legal representation to assist the Agency in the matter of the Arbitration Local 3147 re FCHS Case 07-04520-1
Agricultural Research Service/Departmental	Ben Alston and Charles Byrd	Alston & Byrd	0.0	\$25.0	Provide ARS/HRD legal representation to assist the Agency in the matter of the Arbitration Local 3147 re FCHS Case 07-04520-1 (Continuing service)
Administration/Central Mail Unit	Omar Vincent Melieby, Esq.	Melieby & Associates LLC	32.3	0.0	Legal fee for employee EEO hearing
Food & Nutrition Service	Tom Magpetti	NMR Consulting, Inc.	35.0	0.0	Support services related to litigation and other legal services to the FNS Human Resources Division (HRD)
Food & Nutrition Service	Mary Chiogetti	Employment Law Resources, P. L. L. C.	0.0	56.5	Services for professional information-gathering, analytical, documentation, and report production
Inspection Service	Joe Swedzinski	USA	24.0	0.0	Labor relations consultation
Foreign Agricultural Service	Thawat Kansa-ard, Partner	Tilleke & Gibbins	21.9	46.0	Claims preservation and debt collection. Representing CCC in bankruptcy proceedings of defaulting Thai exporters under Supplier Credit Guarantee Program
Foreign Agricultural Service	Stefanus Haryanto, Partner	Adnan Rejasa Haryanto & Hermanto	2.0	0.0	Claims preservation and debt collection. Assisting CCC in recoveries from 4 defaulting Indonesian importers under Supplier Credit Guarantee Program
Foreign Agricultural Service	Michael Kharenko, Partner	Savanko Kharenko	11.0	39.0	Claims preservation and debt collection. Assisting CCC in restructuring debt owed by 2 defaulting Ukrainian banks under GSM-102 Program
Foreign Agricultural Service	Joan C. Maclin, Sr. Vice President	Scouler Company	0.0	150.0	Claims preservation and debt collection. Shared legal expenses with U.S. exporter for recovery of default by Mexican importer under the Supplier Credit Guarantee Program
Foreign Agricultural Service	Samon Isyuk, Partner	Acquide Law Firm	8.3	0.0	Claims preservation and debt collection. Assisting CCC in restructuring debt owed by 3 defaulting Kazakh banks under GSM-102 Program
Foreign Agricultural Service	G. J. Wojack, Head of Branch	Bracewell & Giuliani LLP	0.6	0.0	Joint procurement with 22 other legal advisors to provide legal assistance to creditor group in debt restructuring negotiations with BPA Bank, Kazakhstan, which defaulted under the GSM-102 Program
Foreign Agricultural Service	Lorraine Ball, Partner	Allen & Overy LLP	20.3	2.0	Legal advisor. Joint procurement with 22 other export credit agencies to develop restructuring plan for creditor group in debt restructuring negotiations with BPA Bank, Kazakhstan, which defaulted under the GSM-102 Program
Foreign Agricultural Service	Shane DeBeer, Partner	Decker	0.0	281.0	Claims preservation and debt collection. Assisting CCC in restructuring debt owed by 2 defaulting Turkish banks under GSM-102 Program

U.S. DEPARTMENT OF AGRICULTURE

U. S. DEPARTMENT OF AGRICULTURE
Outside Legal Counsel
(Dollars in Thousands)

Agency	Counsel's Name	Firm Name	Amount Paid in 2010	Amount Paid in 2011	Reason/Purpose for Hiring Outside Legal Counsel
Office of Communications	Andrew Perimutter	Pessman & Kaplan, P.C.	0.0	12.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Bryant Miller Olive	Bryant Miller Olive	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Duane Morris	Duane Morris	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Stephens & Johnson LLP	Stephens & Johnson LLP	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Patton Boggs LLP	Patton Boggs LLP	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Hills Stern & Morley LLP	Hills Stern & Morley LLP	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Squire, Sanders & Dempsy LLP	Squire, Sanders & Dempsy LLP	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Rural Development	Arnold & Porter LLP	Arnold & Porter LLP	100.0	100.0	Legal support relating to applications by borrowers of designated Agriculture programs for financial loan assistance and approvals
Total			\$977.3	\$1,311.5	

EARLY OUT AND BUYOUTS

Mr. Kingston: Please provide a table that shows, by fiscal year and agency, the staff year reductions that occurred in 2011 or are expected to occur in 2012, including how much has been spent through the use of early outs and buyouts.

Response: The information is submitted for the record. The FY 2011 and FY 2012 early out costs include lump sum leave payments. The buyout costs for FY 2011 includes both the \$25,000 incentive payment and lump sum leave payments. The FY 2012 buyout costs include the \$25,000 incentive payment based on projected staff year reductions.

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE
Early Outs and Buyouts
(Dollars in Thousands)

Agency	EARLY OUTS			
	FY 2011		FY 2012	
	Staff Year Reductions	Total Costs	Staff Year Reductions	Total Costs
AMS	0.0	0	2.0	\$50
ARS	59.0	\$480	0.0	0
ERS	0.0	0	2.0	50
FAS	4.0	75	2.5	47
FNS	7.0	60	0.0	0
FSA - County	168.0	1,356	51.0	408
FSA - Federal	72.0	578	37.0	296
FSIS	0.0	0	0.0	0
GIPSA	7.0	7	3.0	38
NAD	4.0	24	0.0	0
NASS	2.0	0	0.0	0
NIFA	0.0	0	1.0	51
NRCS	42.0	389	66.0	649
OCFO - WCF	26.0	143	4.0	27
OCIO - WCF	18.0	36	18.0	450
OIG	0.0	0	1.0	12
RD	8.0	83	0.0	0
RMA	1.0	29	4.0	72
Total	418.0	\$3,260	191.5	\$2,149

Agency	BUY OUTS			
	FY 2011		FY 2012	
	Staff Year Reductions	Total Costs	Staff Year Reductions	Total Costs
APHIS	38.0	\$881	375.0	\$9,375
AMS	0.0	0	11.0	275
ARS	6.0	186	281.0	7,025
DA - WCF	0.0	0	3.7	92
ERS	0.0	0	21.0	525
FAS	0.0	0	5.0	125
FSA - County	0.0	0	346.0	8,650
FSA - Federal	0.0	0	178.0	4,450
GIPSA	0.0	0	7.0	175
NASS	31.0	985	59.0	1,475
NIFA	0.0	0	16.0	400
NRCS	115.0	3,762	74.0	1,850
OBPA	0.0	0	3.0	75
OC - WCF	0.0	0	1.0	25
OCFO	0.0	0	2.0	50
OCFO - WCF	0.0	0	63.0	1,575
OCIO	0.0	0	4.0	100
OCIO - WCF	0.0	0	63.0	1,575
OCR	0.0	0	4.0	100
OIG	0.0	0	50.0	1,250
Total	190.0	\$5,814	1,566.7	\$39,167

BUYOUT/EARLY-OUT AUTHORITY

Mr. Kingston: Which agencies have buyout and early-out authority in the current year? Please provide USDA's specific plans to seek buyout authority and early-out in the current year or future years?

Response: The Department currently has Voluntary Early Retirement Authority (VERA) (early out) authority for all USDA agencies through December 2012. For those agencies within USDA who requested Voluntary Separation Incentive Pay (VSIP) (buyout) authority, the authority runs through January 2013. Application windows for VERA and/or VSIP will be established periodically this fiscal year to incentivize employees to retire and/or separate to facilitate the overall planned reductions and restructuring of the workforce.

While a number of agencies have advised that they may seek additional authority for the VSIP (buyout) going forward, assessments are still underway and decisions have not been finalized as to what additional authorities may be requested in the future to address budgetary shortfalls, elimination of funding, or the impact of VERA/VSIP on agency operations. USDA will work with the Office of Personnel Management and the Office of Management and Budget to obtain the necessary authority needed.

[The information follows:]

The chart below reflects the agencies that have implemented early out and buyout authority in FY 2012.

Mission Area	Agency	Buyout Offers during FY 2012	Early-Out with Buyout Offers during FY 2012	Offer of Early Out Only during FY 2012
FFAS	FSA	Yes	Yes	Yes
	FAS	Yes	Yes	No
	RMA	No	No	Yes
MRP	AMS	Yes	Yes	No
	APHIS	Yes	Yes	No
	GIPSA	Yes	Yes	No
NRE	NRCS	Yes	Yes	Yes
	FS	No	No	No
REE	ARS	Yes	Yes	No
	ERS	Yes	Yes	No
	NASS	Yes	Yes	No
RD	NIFA	Yes	Yes	No
	RD	Yes	Yes	No
Staff Offices	DM	Yes	Yes	No
	OCFO	Yes	Yes	No
	OCIO	Yes	Yes	No
	OIG	Yes	Yes	Yes
	OC	Yes	Yes	No
	OCE	Yes	Yes	No
	OSEC	No	No	No

CODEX ALIMENTARIUS

Mr. Kingston: Please provide total expenditures on Codex Alimentarius activities for fiscal years 2008 through the amount requested in the President's fiscal year 2013 request. Please provide a breakout by Agency and a grand total for each year. What other expenditures are there for codex in the department besides FSIS?

Response: The information is provided for the record.

[The information follows:]

Total expenditures for Codex Alimentarius are as follows:

USDA Funding for Codex Alimentarius (Dollars in Thousands)						
Agency	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Food Safety and Inspection Service	\$4,058	\$3,812	\$3,752	\$3,783	\$3,752	\$3,752
Foreign Agricultural Service	0	0	325	400	350	450
Agricultural Marketing Service	259	299	267	210	195	235
Grain Inspection, Packers and Stockyards Admin	0	5	11	18	18	18
Total, CODEX Activities	4,317	4,116	4,355	4,411	4,315	4,455

The Codex Alimentarius Commission is an inter-governmental body with more than 180 members, operating within the framework of the Joint Food Standards Program established by the Food and Agriculture Organization (FAO) of the United Nations (UN) and the World Health Organization (WHO). The Commission establishes voluntary international food standards that protect the health of consumers and ensure fair practices in the food trade. The Commission accomplishes its work through Committees hosted by member governments.

The Food Safety and Inspection Service (FSIS) houses the U.S. Codex Office which serves as an inter-agency coordinator for U.S. Government involvement in Codex meetings and also conducts a comprehensive outreach program to build support for U.S. interests within the Commission as well as improve the Commission's efficiency and effectiveness through capacity building in developing countries. The U.S. Codex office organizes delegations to attend each meeting of a Codex general subject or commodity committee. These delegations are led by technical experts from government agencies and often include representatives from industry associations and consumer groups. The United States also chairs three Codex committees.

FSIS appropriated funds, which are allocated to the U.S. Codex office, are also made available to the UN's FAO and WHO for the specific purpose of financing the expert bodies such as the Joint Expert Committee on Food Additives (JECFA) that provide scientific advice to the intergovernmental Codex Alimentarius Commission for the setting of standards that protect the health of consumers and ensure fair practices in the food trade, and for contributing to the Codex Trust Fund, which supports the participation of developing countries in Codex meetings.

The Foreign Agricultural Service (FAS) provides input and expertise on nearly all the Codex Committee issues. FAS closely scrutinizes Codex Alimentarius guidelines and draft standards on labeling, registration, certification, and quality requirements. Codex is a recognized standard body by the WTO, so FAS tracks these guidelines and standards to be sure they do not result in unnecessary obstacles to trade. Working through its overseas offices, FAS also encourages countries to create regulations and standards in-line with Codex to globally harmonize requirements, with a view towards facilitating trade and preventing misleading claims. FAS monitors and enforces the WTO Agreement on Sanitary and Phytosanitary (SPS) Measures, and Agreement on Technical Barriers to Trade (TBT) to ensure that U.S. agricultural interests benefit from market access opportunities.

The Agricultural Marketing Service (AMS) remains active in global marketing standards initiatives. AMS has assisted on U.S. Codex committees for hygiene, labeling, and food additives, and has participated in the development or updates of food standards for various fruits, vegetables, dry and dried produce, and poultry. AMS experts have also worked in Codex outreach programs

via the U.S Codex office, in an effort to build international support for U.S. positions at Codex committee plenary sessions.

The Codex Committee on Methods of Analysis and Sampling (CCMAS) met in March, in Budapest, Hungary. The Committee serves as a coordinating body for Codex with other international groups working in methods of analysis and sampling and quality assurance systems for laboratories. A Grain Inspection Packers and Stockyards Administration (GIPSA) representative serves as an alternate delegate to the Committee, assisted by an additional GIPSA participant (statistician). They provide technical expertise as the United States continues to be an active participant and very influential with respect to documents and proposals brought before the CCMAS. GIPSA continues to collaborate with international organizations such as the Codex Alimentarius Commission, Canadian Grains Commission, and the National Institute for Standards and Technology to harmonize testing technologies for biotechnology-derived grains and oilseeds.

METHYL BROMIDE

Mr. Kingston: Please describe USDA's activities related to methyl bromide and the Montreal Protocol. How does USDA fulfill its mission to support U.S. growers and represent U.S. agriculture in interagency decision making process and multilateral negotiations? What activities are planned for FY 2012 and 2013?

Response: USDA considers research on methyl bromide alternatives a high priority and is working across government agencies, within USDA agencies, as well as with states and industries, including the Crop Protection Coalition, to address this issue. As a result of alternatives identified by research, the U.S. use of methyl bromide has been reduced by 97 percent compared to 1991 baseline levels. Further research is currently addressing the remaining 3 percent of use, which consists of recalcitrant problems and new problems that have emerged in some cases as alternatives have been implemented. In FY 2012 and 2013, USDA research will focus research on seeking economically viable alternatives for pests and diseases where methyl bromide is still currently needed.

The Agricultural Research Service established two projects to conduct commercial scale trials on methyl bromide alternatives in grower fields in Florida, California and neighboring states. These projects facilitated increased cooperation and collaboration among ARS, university, private scientists and grower associations to bring as many resources to bear as possible to replace the use of methyl bromide.

In FY 2012, The National Institute of Food and Agriculture's Methyl Bromide Transitions (MBT) program will support the discovery and implementation of practical pest management alternatives to methyl bromide uses for which the United States is requesting critical use exemptions. These critical use exemptions include: post harvest use on commodities; cucurbits; eggplant; fruit, nut, and rose nursery; food facilities; dry cured ham; orchard replant; ornamental; peppers; research; strawberry fruit; strawberry nursery; and tomato. The program is focused on integrated commercial or field scale research that targets short- to medium-term solutions and associated extension activity that will foster the adoption of these solutions, as well as, a focused economic analysis of cost of successfully implementing the transition on a commercial scale.

Annually since 1994, USDA has co-sponsored an international meeting of Federal, State, and industry scientists to discuss among themselves and with impacted industry representatives current research efforts to develop methyl bromide alternatives. This meeting continues to be the premier world meeting on methyl bromide alternatives. USDA plans to support this meeting in FY 2012 and 2013. USDA meets regularly with commodity representatives and growers to discuss its methyl bromide research program.

CCC - SECTION 11

Mr. Kingston: Please provide for the record a detailed listing of the CCC Section 11 (Cooperation with Other Federal Government Agencies) transfers and reimbursements reflected for fiscal years 2010 and 2011. Provide an estimate for fiscal years 2012 and 2013 as they have not been finalized.

Response: Allocations of the Section 11 funds have been finalized for fiscal years 2010 and 2011. The following table identifies the pending fiscal year 2012 allocation as of February 17, 2012 that is subject to revision. Because Section 11 funding decisions involve a lengthy collaborative process including approval by the Office of Management and Budget, it is too early to provide reliable estimates for fiscal year 2013.

[The information follows:]

Agency	Description	Amount Obligated FY 2010	Amount Obligated FY 2011	FY 2012 Requested to date
Agricultural Marketing Service	To provide CCC all cotton classification information from the AMS regional classification offices.	\$400,000	\$400,000	\$400,000
Agricultural Marketing Service	To perform re-inspection on CCC inventory of non-fat dry milk and salmonella testing	25,000	5,000	5,000
Agricultural Marketing Service	Peanut Compliance Program	0	750,000	750,000
Department of Energy	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	4,580,000	3,960,000	4,350,000
Department of the Interior	To provide contractor support to maintain the General Sales Manager Export Credit Guarantee system and Data Mart.	923,000	923,000	1,050,000

Agency	Description	Amount Obligated FY 2010	Amount Obligated FY 2011	FY 2012 Requested to date
Farm Service Agency	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	160,000	100,000	300,000
Farm Service Agency	To provide loan service charges and other administrative reimbursements.	5,995,656	4,715,431	6,082,672
Farm Service Agency	To conduct activities in support of International Food Assistance Programs.	6,180,000	6,496,387	9,559,098
Farm Service Agency	Biomass Crop Assistance Program	0	2,000,000	0
Foreign Agricultural Service	To provide information resource management services required to support CCC programs.	19,127,000	18,000,000	18,400,000
Foreign Agricultural Service	To conduct activities in support of International Food Assistance Programs.	\$120,000	120,000	120,000
Foreign Agricultural Service	Provide FFAS with FAS-contracted remote sensing imagery.	2,000,000	1,500,000	2,550,000
Foreign Agricultural Service	To support Non-CCC related information technology activities	5,000,000	4,000,000	5,000,000
Foreign Agricultural Service	Contribution for travel related to CCC international activity.	500,000	0	0
Foreign Agricultural Service	Salaries and benefits of positions supporting CCC programs	0	4,400,000	0

Agency	Description	Amount Obligated FY 2010	Amount Obligated FY 2011	FY 2012 Requested to date
Grain Inspection, Packers and Stockyards Administration	To provide inspection services for commodities provided under domestic feeding programs.	250,000	0	250,000
Grain Inspection, Packers and Stockyards Administration/and or Agricultural Marketing Service	To conduct sampling and testing in support of International Food Assistance Programs.	730,000	2,500,000	2,500,000
Kansas City Department of Health and Environment	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	30,000	60,000	0
Missouri Department of Natural Resources	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	30,000	20,000	20,000
NE Department of Environmental Quality	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	0	20,000	30,000
National Agricultural Statistics Service	To provide FSA with county estimates on selected row crops, small grains, oilseeds, and processed vegetables.	100,000	100,000	100,000
National Agricultural Statistics Service	To provide price data for programs authorized in 2008 Farm Bill.	2,500,000	2,500,000	2,500,000

Agency	Description	Amount Obligated FY 2010	Amount Obligated FY 2011	FY 2012 Requested to date
National Agricultural Statistics Service	To conduct a weekly survey of farmer stock peanut prices by variety.	200,000	200,000	200,000
Office of the General Counsel	To provide legal services to CCC in the operation of its programs and activities.	250,000	250,000	350,000
Office of the General Counsel	To conduct activities in support of International Food Assistance Programs.	100,000	100,000	100,000
Total Transfers and Reimbursables		\$49,200,656	\$53,119,818	\$54,616,770

Mr. Kingston: What activities are not being funded through CCC Section 11 that, under current law, would fall within that funding authority? How are these activities being funded?

Response: The statutory cap on Section 11 funding established by the Agricultural Market Transition Act, P. L. 104-127, on April 4, 1996, has limited annual funding to the FY 1995 level of \$56,102,727. Requests totaling \$59.9 million have been received in FY 2012, and of this amount \$3.8 million exceeds the statutory cap. Amounts not funded by CCC Section 11 authority were referred back to requesting agencies to be funded by another source.

Section 11 of the CCC Charter Act (15 U.S.C. 714i), authorizes CCC to pay the costs of personnel, services, facilities, and information of any Federal Government, State, Territory, District of Columbia, or any political subdivision agency which assists the CCC in conducting its business. A copy of 15 U.S.C. 714i is provided below for the record. As with other programs, CCC must budget for activities that must be carried out under Section 11 authority. This requires balancing multiple requests and ensuring activities are carried out efficiently.

[The information follows:]

15 U.S.C 714i - The Corporation may, with the consent of the agency concerned, accept and utilize, on a compensated or uncompensated basis, the officers, employees, services, facilities, and information of any agency of the Federal Government, including any bureau, office, administration, or other agency of the Department of Agriculture, and of any State, the District of Columbia, any Territory or possession, or any political subdivision thereof. The Corporation may allot to any bureau, office, administration, or other agency of the Department of Agriculture or transfer to such other agencies as it may request to assist it in the conduct of its business any of the funds available to it for administrative expenses. The personnel and facilities of the Corporation may, with the consent of the Corporation, be utilized on a reimbursable basis by any agency of the Federal Government, including any bureau, office, administration, or other agency of the Department of Agriculture, in the performance of any part or all of the functions of such agency. After September 30, 1996, the total amount of all allotments and fund transfers from the Corporation under this section (including allotments and transfers for automated data processing or information resource management

activities) for a fiscal year may not exceed the total amount of the allotments and transfers made under this section in fiscal year 1995.

COMMON COMPUTING ENVIRONMENT

Mr. Kingston: Please provide a comprehensive explanation of the Common Computing Environment refresh request in the FY 2013 President's Budget.

Response: The Common Computing Environment (CCE) provides shared computing services to the field offices of the Service Center Agencies (SCA's). This computing infrastructure - including computers, networks, and servers - is aging, making support for the mission-driven activities of the SCA's increasingly difficult.

To support improvements to the CCE, the FY 2013 Budget request includes \$30 million for CCE, the same as the 2012 appropriated levels. Specifically, \$13 million is included in FSA, \$12.5 million in NRCS, and \$4.5 million in RD. The Office of the Chief Information Officer currently provides central support to CCE and is making these improvement efforts. The Department is working to make improvements to CCE that will have the greatest benefit for the SCA's while best utilizing available funding.

With the requested funding, USDA plans to continue in FY 2013 the work that has begun in FY 2012 of improving the aging CCE. USDA plans to replace file and print servers with central data storage. USDA also plans to design a centralized data storage system and migrate data to that centralized infrastructure. This re-design would allow employees to access their data more quickly and securely from more locations, including while traveling and teleworking. Another improvement planned is the design and implementation of an optimized enterprise Active Directory structure, which allows for central control of many end-user devices. These activities will provide an improved and streamlined end user infrastructure, eliminate out-of-service equipment, and ensure SCA data is secure.

Mr. Kingston: Describe your 2011 and 2012 activities and costs for Common Computing Environment in each of the respective agencies and in OCIO if applicable.

Response: In 2011, no funding was provided for the initiative.

In FY 2012, CCE received \$30 million in funding from the SCA's for improvement of the aging system. Specifically, \$13 million was provided by FSA, \$12.5 million by NRCS, and \$4.5 million by RD. The Office of the Chief Information Officer currently provides central support for CCE and is coordinating these improvement efforts.

USDA has selected activities to prioritize in 2012 to maximize improved service for the SCA's. Central among these will be enhancements to the existing network. USDA plans to replace the field office hardware (routers and switches) with standardized and modern versions. This will support standard network capabilities for the field offices and will support further system improvements. It will also improve field office capability for activities like Voice Over the Internet Protocol, as well as streamline maintenance.

Other network enhancements USDA plans to implement include increasing the capacity of the network connections between the SCA Data Centers and most Field Service Centers to make end user processes run faster and to better

support activities such as video and teleconferencing. USDA also plans to evaluate how to provide improved network service to all field offices, including remote offices outside of the standard network. Finally, USDA plans to work to support both increased use of mobile devices and use at more locations.

UNAUTHORIZED PROGRAMS

Mr. Kingston: Provide for the record a list of any unauthorized appropriations included in the fiscal year 2013 budget. How many requests are there in the budget that exceeds the authorized amount for the program?

Response: The information is submitted for the record.

{The information follows:}

Appropriations Not Authorized by Law and Expiring Authorizations
(Dollars in Thousands)

Agency/Program	Last Year of Authorization	Authorization level	Appropriations in last year of authorization	2013 Appropriations request
<i>Programs not currently authorized by law or expiring on or before September 30, 2012</i>				
<u>Farm Service Agency</u>				
Dairy Indemnity Program	9/30/2012	Such sums	Such sums	Such sums
Beginning Farmer and Rancher Individual Development Accounts Pilot Program	9/30/2012	\$5,000	0	\$2,500
<u>Food and Nutrition Service</u>				
Supplemental Nutrition Assistance Program	9/30/2012	Such sums	\$80,401,722	81,995,293
Commodity Supplemental Food Program	9/30/2012	Prior year caseload	176,788	186,935
The Emergency Food Assistance Program	9/30/2012	100,000	48,000	49,401
<u>Foreign Agricultural Service</u>				
McGovern-Dole International Food for Education Program	9/30/2012	Such sums	184,000	184,000
<u>National Institute of Food and Agriculture</u>				
Expanded Food and Nutrition Education Program	9/30/2012	90,000	67,934	67,934
Grants to upgrade facilities at 1890 institutions	9/30/2012	25,000	19,730	19,730
Education grants for Hispanic-serving institutions	9/30/2012	40,000	9,219	9,219
Extension service	9/30/2012	Such sums	475,183	453,929
Integrated research, education and extension competitive grants program	9/30/2012	Such sums	21,482	43,542
1994 institution research grants	9/30/2012	Such sums	1,801	1,801
Grants for insular areas	9/30/2012	Such sums	1,650	1,650
Renewable Resources Extension Act	9/30/2012	30,000	3,700	4,060
Agriculture and Food Research Initiative	9/30/2012	700,000	264,470	325,000
Grants and fellowships for food and agricultural sciences education	9/30/2012	60,000	9,000	10,733

Agency/Program	Last Year of Authorization	Authorization level	Appropriations in last year of authorization	2013 Appropriations request
<u>Rural Business-Cooperative Service</u>				
Value-added Agricultural Product Market Development Grants	9/30/2012	40,000	14,000	15,000
Rural Cooperative Development Grants	9/30/2012	50,000	5,800	7,000
Appropriate Technology Transfer for Rural Areas	9/30/2012	5,000	2,250	2,250
Rural Microentrepreneur Assistance Program	9/30/2012	40,000	0	3,356
Rural Energy for America Program	9/30/2012	25,000	3,400	4,575
<u>Rural Housing Service</u>				
Tribal College and University essential community facilities	9/30/2012	10,000	3,369	4,000
Multi-family Housing Revitalization Program	9/30/2012	13,000	13,000	46,942
<u>Rural Utilities Service</u>				
Distance Learning and Telemedicine	9/30/2012	100,000	15,000	24,950
Access to broadband telecommunication services in rural areas	9/30/2012	25,000	6,000	8,915
Broadband Telecommunications Grants	9/30/2012	10,372	10,372	13,379

Note: List does not include expiring programs for which no funding is requested in the 2013 President's Budget.

HUMAN NUTRITION EDUCATION

Mr. Kingston: Please provide a table listing the discretionary and mandatory resources spent for nutrition education by the Department for fiscal years 2008 through estimated levels for 2012 as well as the requested amount for 2013. List each agency amount separately, and include a Department-wide total for each year.

Response: Information on discretionary and mandatory nutrition education resources spent for fiscal years 2008 through estimated levels for 2012 as well as the requested amount for 2013 is provided for the record.

[The information follows:]

USDA Nutrition Education
Fiscal Years 2008 - 2013
(dollars in thousands)

	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Estimated	Budget
Discretionary						
Mandatory	0	0	0	0	0	0
Discretionary	\$621	\$564	\$564	\$563	\$563	\$563
Mandatory	522,808	567,661	698,471	735,614	651,883	646,273
Food and Nutrition Service	\$316,323	\$299,786	\$334,206	\$396,460	\$445,251	\$449,765
National Institute of Food and Agriculture	105,708	115,997	123,914	138,423	112,647	119,627
	0	0	0	0	0	0
Total, USDA Nutrition Education	\$59,437	\$69,822	\$72,949	\$84,600	\$75,093	\$65,463
	316,323	299,786	334,206	396,460	445,251	449,765

FINANCIAL MANAGEMENT MODERNIZATION INITIATIVE

Mr. Kingston: USDA began implementing the Financial Management Modernization Initiative (FMMI) in October 2009. Provide the Committee with the total amount spent on FMMI by year from its fiscal year 2007 to fiscal year 2011. In addition, please provide a cost estimate to transition the remaining agencies to FMMI by fiscal year starting in fiscal year 2012. Lastly, provide a breakout of operations and maintenance costs for FMMI from FY 2010 to FY 2012.

Response: Implementation activities for the Financial Management Modernization Initiative (FMMI) began at the end of fiscal year 2006 when the system integration contract was awarded to Accenture. The first wave of the implementation began with the deployment to six agencies and 13 staff offices in fiscal year 2010; four additional agencies were implemented during fiscal year 2011. During fiscal year 2012 three agencies have been implemented and the fourth will deploy in the 3rd quarter. It is anticipated that during the 1st quarter of fiscal year 2013, the final agency the will be deployed. The requested funding break out is provided below:

	(Dollars in thousands)						
	2007	2008	2009	2010	2011	2012	2013
FMMI Implementation Cost	\$2,100	\$24,747	\$35,437	\$29,931	\$23,078	\$17,277	\$15,942
Operations and Maintenance				23,836	29,064	37,347	

VULNERABILITY OF THE FOOD SUPPLY TO A BIOTERRORIST ATTACK

Mr. Kingston: What types of activities is the Department engaged in to prevent or minimize the chances of an attack on the food supply? Please provide a detailed breakout of costs per Agency for food defense activities from FY 2009 to estimated FY 2012 and planned amounts in the FY 2013 President's Budget.

Response: USDA is involved in numerous risk mitigation activities to prevent or minimize the chances of an attack on the food supply. These activities include expanding partnerships with Federal, State, local, tribal, and territorial entities as well as private sector representatives. I have asked the Office of Homeland Security and Emergency Coordination to provide additional information for the record.

[The information follows:]

Examples of activities include, but are not limited to, the following:

- **Food Defense Plans for Industry.** The development of food defense prevention and response capabilities supports the defense of U.S. agriculture and food systems by minimizing the potential impact of a food-related outbreak, terrorist attack, or other disasters affecting the sector. USDA's Food Safety and Inspection Service (FSIS), in conjunction with industry, issued guidance materials to assist slaughter and processing plants, as well as warehouses and distribution centers, with voluntary adoption of food defense plans. These guides provide easy-to-use tools that will result in a completed food defense plan specific to that facility. In FY 2011, 75 percent of USDA/FSIS-regulated establishments had written and implemented a food defense plan and by 2016 90 percent of all establishments should have a food defense plan.
- **Vulnerability Assessments.** Under Homeland Security Presidential Directive 9 (HSPD 9), FSIS continues to conduct vulnerability assessments for meat, poultry, and frozen, liquid, and dried egg

products processing and distribution systems, including importation. Assessments identify the threat agents of greatest concern, the most vulnerable food products, and the vulnerable points in individual food production system where intentional adulteration could occur. In FY2009, FSIS completed updates of assessments on food chemical threat agents, the National School Lunch Program, and deli meat. New assessments were completed on domestic and international transportation.

- Food Defense Verification Tests. Pursuant to FSIS Directive 5420 Series, FSIS personnel conduct active surveillance of regulated facilities for potential food defense vulnerabilities by performing food defense verification tasks as part of their daily inspection activities. Potential vulnerabilities and industry responses are reported to facility management and documented in Memorandum of Interview (MOI) reports. FSIS analyzes the MOI reports to identify good practices reported by industry. FSIS inspectors also report on the presence or absence of food defense plans in regulated establishments through annual food defense surveys, and this information is analyzed to provide information on voluntary compliance with the guideline. Results of the procedures are reported through USDA/FSIS databases and are analyzed on a routine basis for trends. Results are used to direct FSIS/Office of Data Integration and Food Protection (ODIFP) on outreach and guidance material as well as countermeasure development. Beginning in July 2009, FSIS/ODIFP modified the frequency at which these activities are performed, altering the program emphasis to be risk-based. A higher frequency of procedures is now performed in establishments that produce high volumes of products determined to be of higher risk (with regard to food defense). A lower frequency of procedures is performed in establishments with lower volumes, lower risk products, and food defense plans in place. In FY 2011, in accordance with USDA/FSIS Directive 5420.1, FSIS conducted approximately 338,000 food defense verification procedures in approximately 6,100 USDA/FSIS-regulated slaughter and processing facilities and State-inspected facilities.
- Food Defense Research. ARS food safety research is done in support of DHS needs through FSIS/Office of Biosecurity. ARS continues to conduct research to develop and validate detection methods for biological and chemical agents that can be intentionally used to make the food supply unsafe. This includes specific methods to detect, fingerprint, and characterize the biological agent of concern and focus on foods of the highest concern, for example, milk, liquid eggs, ground beef and ready-to-eat foods. ARS develops predictive models for the growth and survival of biological agents of concern in foods and developed a secure database for predicting the behavior of potential agents over a range of conditions. We conduct lethal dose studies for biological toxins in foods. These data will assist in determining the level of threat the agent poses in a given food system through conducting CARVER + Shock assessments. ARS works closely with DHS, Department of Defense, FSIS, FDA, APHIS, academia, industry, State government and organizations, and international partners to identify, prioritize, and accomplish research objectives. ARS is a member of the Food/Agriculture Sector Joint Committee on Research whose role is the development of a food defense research and research needs assessment and analysis strategy; the development of a consensus strategic plan; the development of an implementation plan; the development of an evaluation plan; and the development of a dissemination and marketing plan for industry food defense research needs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2013 Food Defense
(Dollars in Millions)

		2009	2010	2011	2012	2013
	<u>Agency</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>President's Budget</u>
Food Defense:						
Surveillance and Monitoring	FSIS	\$3 215	\$3 215	\$3 215	\$0 753	\$0 753
Food Emergency Response Network (FERN)	FSIS	7 254	11 350	7 254	3 900	3 900
Implement the Electronic Laboratory Exchange Network (eLEXNET) in Laboratories	FSIS	1 587	1 587	1 587	0 400	0 400
Implement the Electronic Compilation of Analytical Methods for Data Sharing in Laboratories	FSIS	0 638	0 638	0 638	0 000	0 000
FSIS Enhanced Inspections (hired an additional 20 inspectors)	FSIS	2 421	2 469	2 494	2 519	2 544
Physical Security	FSIS	0 248	0 248	0 248	0 060	0 050
Expand Laboratory Capabilities	FSIS	3 099	3 099	0 000	0 000	0 000
Expand Laboratory Capabilities for Chemical and Radiological Threats	FSIS	2 470	2 470	0 000	0 000	0 000
Technical Assistance to States/Local	FSIS	2 198	2 198	2 198	1 961	1 961
Office of Food Security and Emergency Preparedness	FSIS	2 224	2 269	2 292	2 315	2 338
Education/Training	FSIS	2 485	2 485	2 485	0 000	0 000
Research	ARS	9 133	10 439	10 019	10 020	10 020
Total, Food Defense		36,972	42,467	32,430	21,928	21,966
RECAP:						
Food Safety and Inspection Service (FSIS)		27 839	32 028	22 411	11 908	11 946
Agricultural Research Service (ARS)		9 133	10 439	10 019	10 020	10 020
Total, Food Defense		36,972	42,467	32,430	21,928	21,966

HOMELAND SECURITY

Mr. Kingston: Please tell the Committee what USDA is doing to coordinate efforts with other federal, state or local organizations to protect human health, and the food, agriculture and environmental sectors.

Response: Homeland security is not the responsibility of one government department or agency; it is a partnership effort. Significant progress in meeting homeland security goals can only be accomplished through partnerships among all governmental levels and those who own critical infrastructure and key resources. To that end, USDA leverages the private sector and government coordinating councils as a primary mechanism to coordinate efforts with other Federal, State or local organizations to protect human health, and the food, agriculture and environmental sectors.

Efforts to protect the food and agriculture sector are administered nationally by a partnership between the Government Coordinating Council (GCC) that represents governmental agencies at all levels, and the Sector Coordinating Council (SCC) that represents the private sector and is made up of representatives from producers, processors, restaurants & food services, retail, inputs and services, and warehousing and logistics organizations. The joint mission of these organizing bodies acknowledges the Nation's critical reliance on food and agriculture. The sector strives to ensure that the Nation's food and agriculture networks and systems are secure, resilient, and rapidly restored after all-hazards incidents. Public and private partners aim to reduce vulnerabilities and minimize consequences through risk-based decision making and effective communication.

Through routine conference calls, joint quarterly meetings, and participation in exercises, workshops, and related activities, the coordinating councils provide an opportunity to discuss key issues and challenges associated with protecting the food and agriculture sector. They also provide a unique opportunity to identify areas of improvement and

coordinate limited resources within Federal, State, local, tribal, and territorial governments and private sector organizations to implement risk mitigation activities to reduce risk.

HQ EMPLOYMENT

Mr. Kingston: For the record, provide a table, by agency/office, showing Washington, D.C. headquarters personnel broken out between GS and SES for FY 2009 to FY 2012.

Response: The information is submitted for the record.

[The information follows:]

Washington, DC
Headquarters Employees
By Agency
Employment as of September 30

Agency	Fiscal Years			
	2009 Actual	2010 Actual	2011 Actual	2012 Estimate
Farm Service Agency				
SES	9	10	8	11
GS	1181	1,156	1,111	1,090
Risk Management Agency				
SES	3	4	4	4
GS	70	78	71	73
Foreign Agricultural Service				
SES	7	6	2	2
GS	506	524	578	578
Rural Development				
SES	17	18	20	16
GS	1 720	1,737	1,685	1 535
Food and Nutrition Service				
SES	8	8	8	8
GS	534	522	521	536
Food Safety and Inspection Service				
SES	24	19	18	18
GS	0	0	0	0
Other	702	691	662	666
Natural Resources Conservation Service				
SES	18	21	20	20
GS	390	381	391	499
Animal and Plant Health Inspection Service				
SES	24	26	24	24
GS	1,253	1,275	1,239	1,206
Other	37	32	19	19
Agricultural Marketing Service				
SES	11	11	11	11
GS	546	560	542	543
Grain Inspection, Packers and Stockyards Administration				
SES	4	3	4	4
GS	164	138	120	115
Agricultural Research Service				
SES	10	11	10	10
GS	497	499	490	466
National Institute of Food and Agriculture				
SES	10	8	8	9
GS	361	368	386	398
Departmental Administration				
SES	6	7	6	6
GS	318	363	321	337
Economic Research Service				
SES	7	8	9	6
GS	368	368	365	351
Homeland Security Staff				
SES	1	1	1	2
GS	14	30	48	62
National Appeals Division				
SES	1	1	1	1
GS	23	23	21	24
National Agricultural Statistics Service				
SES	10	10	9	9
GS	405	432	422	485

Office of Budget and Program Analysis				
SES	5	5	4	5
GS	41	38	40	43
Office of the General Counsel				
SES	17	18	11	13
GS	142	134	127	130
Office of Inspector General				
SES	9	8	8	8
GS	147	141	155	125
Office of Civil Rights				
SES	2	2	2	2
GS	130	129	119	132
Office of Advocacy and Outreach				
SES	0	1	1	1
GS	0	46	40	58
Office of Communications				
SES	1	2	2	2
GS	64	75	68	59
Office of the Chief Economist				
SES	4	4	5	5
GS	49	45	46	48
Office of the Chief Financial Officer				
SES	3	1	2	2
GS	61	43	35	39
Office of the Chief Information Officer				
SES	4	6	6	6
GS	54	67	77	92
Office of the Secretary				
SES	30	39	42	43
GS	33	57	76	83
Total, USDA				
SES	245	258	245	248
GS	9,071	9,229	9,094	9,107
Other	739	723	681	705

WORKING CAPITAL FUND/GREENBOOK CHARGES

Mr. Kingston: Please provide the Committee with a full breakdown of charges and expenses in the Department's Working Capital Fund and Greenbook charges by Agency for Fiscal Years 2008 through estimated 2012.

Response: The information is submitted for the record.

[The information follows:]

WORKING CAPITAL FUND					
FY 2008 - 2012 (amounts in thousands)					
Agency	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate*
Agricultural Marketing Service	\$6,925	\$8,627	\$10,346	\$10,738	\$10,603
Agricultural Research Service	12,493	13,262	13,489	14,921	14,846
Animal and Plant Health Insp. Service	18,490	17,386	19,348	18,480	19,352
Departmental Administration	6,011	6,646	16,564	19,900	15,630
Economic Research Service	693	774	729	784	1,015
Farm Service Agency	133,313	146,516	167,690	122,248	142,176
Food and Nutrition Service	3,813	3,804	3,966	4,321	5,408
Food Safety and Inspection Service	14,861	18,771	20,832	19,678	18,504
Foreign Agricultural Service	4,446	7,209	10,142	9,357	12,867
Forest Service	88,348	95,022	88,084	95,185	95,698
Grain Insp., Packers & Stockyard Adm.	1,666	1,733	1,993	1,967	2,800
National Agricultural Statistics Service	3,337	3,503	3,391	3,686	3,520
National Appeals Division	521	586	631	737	510
Natl. Institute of Food and Agriculture	1,900	1,968	2,122	2,180	1,737
Natural Resources Conservation Service	120,341	118,949	124,216	117,753	123,370
Office of Advocacy and Outreach	0	0	14	444	376
Office of Budget and Program Analysis	163	170	198	164	194
Office of Chief Economist	363	368	315	316	309
Office of Civil Rights	1,640	1,535	1,177	1,567	1,124
Office of Communications	637	704	629	748	920
Office of the General Counsel	836	875	843	821	746
Office of Homeland Security/Emer. Coord.	0	0	0	4	5
Office of Inspector General	1,391	1,505	1,406	1,832	1,941
Office of the Chief Financial Officer	48,211	37,319	41,561	38,598	42,669
Office of the Chief Information Officer	44,855	35,038	21,598	62,111	43,010
Office of the Executive Secretariat	161	227	205	280	293
Office of the Secretary	1,088	921	999	1,195	2,693
Risk Management Agency	2,311	1,060	1,736	1,302	1,064
Rural Development	74,753	72,064	76,409	76,640	72,103
WCF Totals	593,567	596,542	630,633	627,957	635,483

* "FY 2012 Estimate" reflects estimated charges based on history and expected work demand from agency customers. Actual charges will reflect actual use of services, only, and are likely to differ from estimates included here.

DEPARTMENTAL REIMBURSABLE PROGRAMS					
FY 2008 - 2012 (amounts in thousands)					
Agency	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate
Agricultural Marketing Service	\$1,044	\$1,047	\$886	\$882	\$928
Agricultural Research Service	3,862	3,868	3,128	2,349	2,576
Animal and Plant Health Insp. Service	3,707	3,764	2,686	2,641	2,751
Departmental Administration	173	173	150	190	228
Economic Research Service	169	171	114	159	163
Farm Service Agency	5,852	5,948	4,117	4,036	4,123
Food and Nutrition Service	723	749	390	510	528
Food Safety and Inspection Service	3,543	3,569	2,815	2,795	2,935
Foreign Agricultural Service	713	728	501	613	633
Forest Service	14,894	15,169	9,641	10,306	10,447
Grain Insp., Packers & Stockyard Adm.	290	296	204	270	287
National Agricultural Statistics Service	474	482	327	378	382
National Appeals Division	38	38	28	30	32
Natl. Institute of Food and Agriculture	212	219	133	184	176
Natural Resources Conservation Service	4,298	4,333	3,462	3,847	3,758
Office of Advocacy and Outreach	0	0	0	0	11
Office of Budget and Program Analysis	24	24	18	24	24
Office of Chief Economist	51	55	16	25	24
Office of Civil Rights	65	67	35	57	54
Office of Communications	34	34	28	41	40
Office of the General Counsel	124	125	92	106	107
Office of Homeland Security/Emer. Coord.	0	0	0	0	13
Office of Inspector General	403	400	339	279	290
Office of the Chief Financial Officer	763	777	517	452	481
Office of the Chief Information Officer	1,401	1,546	337	318	331
Office of the Executive Secretariat	6	6	0	3	1
Office of the Secretary	32	31	13	12	13
Risk Management Agency	206	206	154	167	171
Rural Development	2,548	2,581	1,811	1,893	1,909
DRP Totals	45,649	46,406	31,942	32,567	33,416

FEDERAL PAY INCREASES

Mr. Kingston: Please provide a breakout of which agencies absorb the .5 percent pay increase and which ones are asking for additional appropriations.

Response: The agencies that are offsetting the pay increase through increased efficiencies in program operations are: the Farm Service Agency; Risk Management Agency; Foreign Agricultural Service; Natural Resources Conservation Service; Rural Development; National Agricultural Statistics Service; National Institute of Food and Agriculture; Animal and Plant Health Inspection Service; Agricultural Marketing Service; Grain Inspection, Packers and Stockyards Administration; Food Safety and Inspection Service; and the Office of the Chief Information Officer (OCIO).

The agencies that are seeking additional appropriations for the pay increase are: the Agricultural Research Service; Economic Research Service; Food and Nutrition Service; and all Departmental staff offices with the exception of the OCIO.

OPERATING PLANS

Mr. Kingston: The report accompanying the House Agriculture Appropriations bill for fiscal year 2012 required USDA to submit spending plans on the allocation of funds provided in the bill within 30 days of enactment. This bill was signed into law on November 18, 2011. USDA has not provided the spend plans. What is the reason for the delay? When can the Subcommittee expect to receive them?

Response: USDA forwarded information on how the Department's agencies will utilize FY 2012 funding as part of budget justification materials submitted with the FY 2013 budget on February 13, 2012. Additional detail can be provided if needed.

CONGRESSIONAL DIRECTIVES

Mr. Kingston: The House and Senate Agriculture Appropriations bills and the House-Senate conference report required USDA to report to the Subcommittee on 28 specific issues. USDA has completed seven of these reports. For each report, please provide an explanation of the reason for the delay and the date on which the Subcommittee will receive them.

Response: The Department has reviewed the House and Senate Agriculture Appropriations bills and reports and compiled a list of 40 directives that must be reported to Congress. Of the 40 directives, 7 are submitted only if certain events occur. Of the remaining 33 directives, 16 have been completed as of February 17, 2012, and 17 are being drafted or under review. The information is submitted for the record.

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
1.	ARS	Research Facilities. —The Act provides authority to close up to 10 ARS facilities as proposed in the 2012 budget in the following locations: Fairbanks, Alaska; Shafter, California; Brooksville, Florida; Watkinsville, Georgia; New Orleans, Louisiana; Coshocton, Ohio; Lane, Oklahoma; Clemson, South Carolina; Weslaco, Texas; and Beaver, West Virginia. The Secretary may transfer a closed facility to an 1862, 1890, 1994 or Hispanic-serving agricultural college or university under certain conditions. The conferees direct the agency to provide a report on the disposition of these facilities. (Conference Report)	January 20, 2012	The report is expected to be in clearance shortly. ARS plans to submit the report by May 31, 2012.
2.	ARS	Bacterial Spot Disease. —The conferees are concerned about recent outbreaks of bacterial spot disease in peppers and tomatoes in Midwestern States. The conferees encourage ARS to continue to work with collaborators on research to combat the disease and minimum economic loss to producers. ARS is directed to provide a report to the Committees on the status of bacterial spot disease and ongoing research efforts. (Conference Report)	*March 17, 2012	The report is in clearance. ARS plans to submit the report by the deadline.
3.	ARS	Pear Genetics and Genomics. —The Committee directs the Agricultural Research Service to provide a report detailing specifically its year-by-year plans to locate and allocate resources including staff, facilities and equipment for pear genetics and genomics through the Agricultural Research Service. This report should also provide an estimate of how long it will take to meet the goals of the Pyrus plant improvement roadmap, including funding requirements necessary to meet the terms of that roadmap. (Senate Report)	*March 17, 2012	The report is in clearance. ARS plans to submit the report by April 30, 2012.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING			
#	AGENCY	DIRECTIVE	STATUS
4.	ARS	Research Facility Plan. —The Committee directs ARS to establish a long-term, multi-year plan to guide capital asset construction decisions for new agricultural research buildings and facilities consistent with program missions, goals and requirements. The plan should establish a process for setting and ranking capital asset construction priorities, reflecting the agency's research priorities, and complement the agency's management plans for its planned and existing facilities. The plan should include estimated funding requirements. As the agency develops the plan, it should provide interested parties an opportunity to provide input. The agency should address whether various leasing options, including build-to-lease and building retrofits, are appropriate and under what condition they should be utilized. The Committee encourages the agency to consider planning processes utilized by other Federal agencies, such as the Department of Veterans Affairs and the Department of Defense, and to incorporate the best strategies from them into the agency's plan. (House Report)	The report is in clearance. ARS plans to submit the report by May 31, 2012. February 16, 2012

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
5.	FNS	WIC Program Costs. —The conferees are interested in Federal and State initiatives to actively manage the costs of the WIC program so that resources provided to support participants are efficiently and effectively utilized. The conferees seek demonstrated efficiencies and strong financial controls in all aspects of the program, including the cost of delivering nutritional and other preventative health services by the States, so that limited funds can be used to provide benefits to all eligible women, infants, and children seeking program services in a given year. The conferees direct FNS to provide the Committees with a report on how it will pursue these objectives. (Conference Report)	January 31, 2012	The report has been drafted and submitted into clearance. FNS plans to submit the report to Congress by April 16, 2012.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
		Increasing Efficiency within the Domestic Food Assistance Programs. —The Committee believes there are potential savings in the delivery of nutrition food assistance services designed to address food insecurity in the United States. The Government Accountability Office issued a report on April 15, 2010, entitled “Domestic Food Assistance: Complex System Benefits Millions, but Additional Efforts Could Address Potential Inefficiency and Overlap among Smaller Programs”, that outlines some of the opportunities for more efficient delivery of services. The Committee directs the Secretary to prepare a report that proposes methods for addressing inefficiencies and redundancies among all programs, particularly smaller programs, while ensuring access to the programs for those eligible. The Secretary should also access the feasibility and consequences of transitioning those elderly participants in CSFP to SNAP, where possible, as well as options for combining the administrative functions of CSFP and TEFAP. Lastly, the report shall include options for creating greater savings within the state administrative expenses. (House Report)		The report has begun the clearance process. FNS plans to submit the report by April 30, 2012.
6.	FNS		Dec. 1, 2011	
7.	FNS	The Emergency Food Assistance Program. —The conferees direct USDA to submit a report to the Committees on steps the Department might use to measure participation in the Emergency Food Assistance Program. (Conference Report)	March 16, 2012	The report is in agency clearance. FNS plans to submit the report by May 30, 2012.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
8.	FNS	Electronic Benefits Transfer. —The Committee recommendation includes language to allow funds to be used for WIC electronic benefit transfer (EBT) systems and sets the level of infrastructure funding at \$14,000,000, which includes funding to develop EBT systems. The Healthy, Hunger-Free Kids Act of 2010, P.L. 111–296 mandated that each state implement EBT for WIC no later than October 1, 2020. A few states are leading the way on WIC EBT implementation and should serve as models required by other states, including those state plans that take advantage of the states’ existing food stamp or SNAP EBT system. As a reminder, the SNAP program did not require states to fully develop Management Information Systems (MIS) or meet MIS standards before implementation of SNAP EBT, and the WIC program also should not make such a requirement. The Committee directs FNS to develop an implementation plan for a more accelerated schedule in order to take advantage of the benefits that WIC EBT would yield for both the Federal, state and private sector stakeholders. FNS should work with state WIC agencies to provide the Committee with the plan. (House Report)	Dec. 31, 2011	The report is in clearance. FNS plans to submit the report by March 30, 2012.
9.	FSIS	Humane Slaughter. —The Committee directs FSIS to provide a report to the Committee on the implementation of objective scoring methods being undertaken by FSIS to enforce the Humane Methods of Slaughter Act (HMSA), including what techniques have been adopted and to what degree, metrics used to determine whether or not these techniques have been successful in identifying and preventing HMSA violations, and any plans for expansion of these efforts. (Senate Report)	*March 17, 2012	The agency is preparing the report. FSIS plans to submit the report by June 29, 2012.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
10.	OSEC/ OBPA	Reductions of Salaries and Expenses Accounts. —The Secretary is directed to provide a report describing plans to implement reductions to salaries and expenses accounts. (Conference Report)	*March 17, 2012	The report is under review. OBPA plans to submit the report to Congress by May 31, 2012.
11.	OSEC/ OBPA	Spending Plans. —The Secretary shall notify the Committees on the allocation of the funds provided herein by account, and within each account by program, project and activity. (House Report)	Dec. 18, 2011	The report is under review. OBPA plans to submit the report by May 31, 2012.
12.	OSEC/REE	Report on Critical USDA Activities. —The Committee has funded critical research projects, conservation activities and pest and disease functions in the past. Some examples include water use reduction research, fresh produce food safety research, dairy education and extension, conservation fuels management and restoration, and Asian long-horned beetle control. The Committee directs the Department to report on how it is addressing the needs identified by these and other similar activities. (House Report)	Dec. 1, 2011	The agency is preparing the report. They plan to submit the report by September 4, 2012.
13.	RUS	Baseload Generation Report. —The Committee directs USDA to provide a report on baseload generation needs in rural America and to work with interested parties and the Office of Management and Budget to conduct a subsidy analysis that incorporates the most up to date data. (Conference Report)	Feb. 1, 2012	The report is in agency clearance. RUS anticipates submitting the report by June 30, 2012.

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FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
14.	RUS	Broadband Program Report. —The Committee is very concerned that numerous broadband projects around the country which were approved by the Department for funding under the American Recovery and Reinvestment Act, particularly for rural communities not served or underserved by broadband, are not under contract yet. The Committee directs the Department to submit a report which details the status of all approved broadband projects, when work is expected to start and be completed. (House Report)	January 17, 2012	The report is in clearance. RUS anticipates submitting the report by May 30, 2012.
15.	APHIS	Animal Disease Traceability/National Animal Identification System. —APHIS is directed to provide reports and updates on the status of the system as proposed in the September 28, 2010, Comprehensive Report & Implementation Plan (amended January 28, 2011). (Conference Report)	Nov. 30, 2011 April 1, 2012 August 1, 2012	The report is in clearance. APHIS plans to submit the report by March 31, 2012.
16.	FSA/RD	Loan and Grant Programs. —The Committee directs the Department, through the Office of Budget and Program Analysis, to provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate on the status of obligations and funds availability for the loan and grant programs provided in this bill. The Committee further directs that if an estimate of loan activity for any program funded in Titles I and III of this bill indicates that a limitation on authority to make commitments for a fiscal year will be reached before the end of that fiscal year, or in any event whenever 75 per centum of the authority to make commitments has been utilized, the Secretary shall promptly notify the Committees in writing, through the Office of Budget and Program Analysis. (House Report)	Feb. 16, 2012, May 16, 2012, August 14, 2012, Nov. 12, 2012	Complete. FSA submitted their first quarterly report to the Committees on February 13, 2012. RD is preparing their 1 st quarterly report. FSA is working on their 2 nd quarterly report.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

PENDING				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
17.	OSEC/ OCFO	Conference Transparency Reports. —The Secretary is directed to submit quarterly reports to the Appropriations Committees and USDA's Inspector General regarding the costs and contracting procedures relating to each conference held by USDA as required by the 2008 Farm Bill. In addition to Farm Bill requirements, each quarterly report should include the cost of any food or beverages, the costs of any audio-visual services, and a description of the contracting procedures on whether contracts were awarded on a competitive basis for that conference. (Conference Report)	Feb. 16, 2012; May 16, 2012; August 14, 2012; Nov. 12, 2012	The 1 st report is under development. OCFO plans to submit the report by March 30, 2012.

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Total: 40 Complete: 16 Pending: 17 As Necessary: 7

AS NECESSARY				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
1.	OSEC/AMS	Know Your Farmer: —The conferees direct the Department to post in its website prior to any travel primarily related to the “Know Your Farmer, Know Your Food” initiative, information including the agenda and the cost of such travel. (Conference Report)	Prior to Travel	Completed. The information was provided to the Committees on February 27, 2012, and posted on USDA’s website on February 29, 2012.
2.	OSEC/AMS	Section 32 Authorities. —The Committee notes the importance of the ability of the Secretary to utilize the authority to direct funds from the section 32 account to increase the purchasing power of producers when market forces or natural conditions adversely affect the financial condition of farmers and ranchers. However, the Committee believes that communication between USDA and the Congress should be improved when this practice is used. Therefore, the Committee directs the Secretary to provide notification to the Appropriation Committees in advance of any public announcement or release of section 32 funds. (Senate Report)		

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Total: 40 Complete: 16 Pending: 17 As Necessary: 7

AS NECESSARY				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
3.	APHIS	Redirection of Support for Programs. In complying with the Committee's directives, the Committee expects APHIS not to redirect support for programs and activities without prior notification to and approval by the House and Senate Committees on Appropriations in accordance with the reprogramming procedures specified in the act. (Senate Report)		APHIS will notify the Committee prior to redirecting support for programs and activities as specified.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

AS NECESSARY			
#	AGENCY	DIRECTIVE	DUE DATE STATUS
4.	OSEC/DM	Efficiency of Operations.—The conferees expect that any substantive changes to the functions and organization of USDA follow a thoughtful analysis of implications for budgetary resources, services to customers and employees, and inherent dynamics within USDA that might result. Toward that objective, before moving forward with the implementation of any substantive reorganization, USDA is instructed to conduct a detailed analysis of the savings, efficiencies, and implications of these changes. In addition, an understanding of the methodology used for determining these factors and some form of demonstration of the results anticipated is required. Any time-table for implementation of the changes suggested obviously will be driven by the fiscal resources available and it may be prudent to give consideration to a tiered implementation as conditions dictate rather than a full scale Departmental shift that would be far more complex and potentially expensive. The Secretary is instructed to provide a report, consistent with the guidance outlined above to the Committees prior to the implementation of any Departmental reorganization. (Conference Report)	Consistent with direction provided by Congress, USDA is implementing the Administrative Solutions Project (ASP) in a phased approach. USDA included notification information on the ASP 27 Initial Improvements as part of the release of the Blueprint for Stronger Service on January 9, 2012. Additional notifications for future implementation phases and supporting analyses will be provided as those phases are developed and prior to implementation.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

AS NECESSARY				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
5.	OSEC/MRP /OCE	Healthy Food Financing Initiative. —The conferees remind the Department that any funding for the Healthy Food Financing Initiative is subject to the reprogramming requirements in this Act, and prior to any reprogramming request, the conferees direct the Department to submit to the Committees a system of metrics to measure the effectiveness and expected results for this initiative. The conferees expect that the Office of Chief Economist will play a key role in the development of such metrics. (Conference Report)		
6.	OSEC	New Programs. —The Secretary shall notify in writing the Committees on Appropriations before implementing any program or activity not carried out during the previous fiscal year unless the program or activity is funded by this Act or specifically funded by any other Act. (Senate Bill)		

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

AS NECESSARY				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
7.	RD	Rural Development Office Closures.—None of the funds made available by this or any other Act may be used to close or relocate a Rural Development office unless or until the Secretary determines the cost effectiveness and/or enhancement of program delivery or that the closing or relocation would result in cost savings; provided that the Secretary notifies in writing the Committees on Appropriations of the House and Senate, and the members of Congress from the State in which the office is located of the proposed closure or relocation and provide a report that describes the justifications for such closures and relocations. (Senate Bill)	Not later than 120 days before the date of proposed closure or relocation.	Blueprint for Stronger Service that was submitted on January 10, 2012. includes information on RD office closures.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
1.	AMS	Know Your Farmer, Know Your Food.—The Secretary is directed to provide the Committees a report on the impacts of this initiative over the previous two years. (Conference Report)	February 16, 2012	Completed. The information was posted on USDA's website on February 29, 2012. (#7079923)
2.	APHIS	Equine Disease Control and Eradication.—The Committee is aware of equine disease outbreaks that have occurred with increased frequency over the last several years. These outbreaks threaten the health and welfare of U.S. horses and the economic viability of the \$102 billion horse industry. APHIS is encouraged to quickly respond to such threats through the use of its authorities. APHIS is directed to report to the Committee on the estimated funds allocated for equine disease in fiscal years 2011 and 2012, as well as the range and degree of equine diseases currently existing within the U.S. (House Report)	July 1, 2011	Completed. A letter was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on November 3, 2011. (#6968931)

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
3.	FAS	Foreign Aid and Long-term Sustainability in Developing Countries. — While the conferees believe that USDA, and its partner USAID, must first focus on addressing immediate emergency needs in places such as the Horn of Africa, the Department must begin to develop plans and corresponding goals aimed at building market-driven institutions and science-based regulatory frameworks that facilitate trade and create an environment conducive to agricultural growth. Therefore, the conferees direct FAS to submit a report with options for shifting more focus in outyear budgets from long-term or extended emergency food aid programs to programs that support FAS' duties to help developing countries improve their agricultural system and build trade capacity in order to improve their long-term economic development. (Conference Report)	January 17, 2012	Completed. The report was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on February 13, 2012. (#6888474)
4.	FAS	Bill Emerson Humanitarian Trust. —The Committee directs the Secretary, through the Office of Budget and Program Analysis, in consultation with the Administrator of the U.S. Agency for International Development, to submit quarterly reports to the Committee on the status of the Bill Emerson Humanitarian Trust, as well as immediately notify the Committee when the Trust has been drawn down. (House Report)	Feb. 16, 2012, May 16, 2012, August 14, 2012, Nov. 12, 2012	Completed. The first quarterly report was sent to Congress on March 1, 2012. (#6888980) FAS is preparing the second quarterly report.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
5.	FNS	WIC Services and Administrative Costs.—While the average participation in WIC has grown by 26 percent over the past 10 years, administrative costs for WIC have grown by 72 percent or \$800 million dollars between 2001 and 2010. Keeping in mind that some of WIC's program offerings (i.e., nutrition and smoking cessation programs) have expanded over the past 10 years and state salary and benefit costs have grown with inflation, administrative and service delivery costs as a percentage of the overall cost of the program are excessively high. By the Committee's estimation, administrative costs of operating WIC are well above 40 percent. In contrast to other social service organizations, the model guidelines by the Federal Government's Combined Federal Campaign require a justification from any local charity that has administrative costs exceeding 25 percent and the Better Business Bureau's Wise Giving Alliance charity standards set a rate not to exceed 35 percent to cover administrative costs. FNS needs to achieve increased savings through greater use of benchmarking across states or achieve economies of scale whereby the agency and its state partners can decrease the delivery or program costs per participant. These costs pose the greatest threat to fully supporting the vital nutritional needs of all WIC participants. The Committee directs FNS to submit a plan to reduce administrative costs. (House Report)	July 29, 2011	Completed. A letter was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on July 14, 2011. (# 6867682)

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UNITED STATES DEPARTMENT OF AGRICULTURE
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Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
6.	FNS	Fraud, Waste, and Abuse.—While SNAP provides a vital food security safety net to nearly 45 million people in this Nation, the Committee is concerned about the amount of waste, fraud, and abuse in this immense Federal nutrition program. The Committee is deeply concerned about reports of fraud and overpayments in SNAP. During the testimony before this Committee, fraud alone was estimated at around \$330 million in a single year. As this Committee noted last year, overpayments were expected to exceed \$1.2 billion, while fiscal year 2009 actual overpayments totaled \$1.78 billion and fiscal year 2010 overpayments are projected to approach \$2.6 billion. Between fiscal year 2008 and fiscal year 2011, USDA estimates overpayments at a staggering cost of \$9.1 billion. This amount clearly constitutes waste that this Nation cannot afford. While the Committee is committed to ensuring that all eligible families receive the assistance to which they are entitled, record budget deficits also require vigilance in defense of precious taxpayer funds. Therefore, the Committee directs USDA to submit a report to the House and Senate Committees on Appropriations detailing plans to prevent future improper payments and to reduce future state administrative fees in amounts equal to the estimated overpayments by such states. (House Report)	Dec. 31, 2011	Completed. A letter was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on January 21, 2012. (#7056002)

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
7.	FSA	FSA IT Briefing —The Committee does not approve reprogramming the \$23,600,000 from MIDAS. In providing the fiscal year 2011 funding level, the Committee expected that \$49,500,000 would be spent on MIDAS in 2011. The Committee has acknowledged the tenuous stability of the system and directs the agency to provide a briefing to the Committee on this issue. (House Report)	June 10, 2011	Completed. USDA provided the briefing to the Committee on June 8, 2011.
8.	FSA	CCC Funds to FSA —The Committee has learned that, through the Commodity Credit Corporation, an additional \$20 million has been made available to the agency. The Committee directs the agency to report on its plans for the use of those funds. (House Report)	July 1, 2011	Completed. The report was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on October 21, 2011. (#6874553)
9.	FSA	CCC Report —The Committee directs the Secretary to provide a report on planned uses of funding under the authorities and Section 4 and Section 11 of the Commodity Credit Corporation Act. (House Report)	Nov. 15, 2011 May 15, 2012	Completed. The first report was sent to the Committees on December 12, 2011. (#7039540) FSA is waiting to prepare the second report pending appropriation approval from OMB.

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FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
10.	NIFA	Unexpended Balances. —The Committee is concerned that the agency continues to have significant unexpended balances. The Committee directs the agency to provide a report on the balances, including an explanation for its past practices and the agency's plans to improve the management of its appropriation and activities. (House Report)	Sept. 1, 2011	Completed. The report was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on November 14, 2011. (#6888620)
11.	NIFA	Conventional/Classical Plant and Animal Breeding. —Section 7406 of the 2008 Farm Bill specifies an emphasis on conventional (classical) plant and animal breeding. The Committee strongly concurs with the intent of this section, and requests a report on as to NIFA's plans for implementing this important conventional/classical plant and animal breeding requirement. (Senate Report)	*March 17, 2012	Completed. The report was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on February 23, 2012. (#7079934)
12.	OCFO	Contracting Out Policies. —The Committee directs the Department to submit a report concurrent with the Department's annual budget submission for the following fiscal year, updating the Committee on its contracting out policies, including agency budgets for contracting out, for fiscal years 2010 and 2011. (House Report)	Feb. 6, 2012	OCFO no longer has delegated authorities for Competitive Sourcing. Those delegations were removed in FY 2009. (#6888679)

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UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
13.	OCFO	Contracting Out Policies — That no funds made available by this appropriation may be obligated for FAIR Act or Circular A-76 activities until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Oversight and Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out. (Act)	As Necessary	OCFO no longer has delegated authorities for Competitive Sourcing. Those delegations were removed in FY 2009. (#7079961)
14.	OCR/OGC/OSEC	GPSA Marketing Rules . — The Committee directs the Department to provide all legal opinions and memos prepared by the Office of General Counsel to the Secretary or any other person or agency of the Department regarding this matter. (House Report)	June 10, 2011	Due to the pre-decisional nature of the documents, USDA will not be able to meet this directive. (#6888711)
15.	OCR	OCR Allocations . — Within 30 days from the enactment of this Act, the Secretary shall notify the House and Senate Committees on Appropriations on the allocation of these funds by USDA agency, along with an explanation for the agency-by-agency distribution of the funds as well as the staff years funded by these transfers. (Act and Conference Report)	Dec. 18, 2011	Completed. The report was sent to the Chair and Ranking Members of the House and Senate Agriculture Appropriation Committees on December 19, 2011. (#6888779)

For deadlines with asterisks next to the date, please note that no specific date was provided. Pursuant to Senate report language, unless specified, reports will be due within 120 days after the date of enactment.

UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2012 Congressional Directives

Total: 40 Complete: 16 Pending: 17 As Necessary: 7

COMPLETE				
#	AGENCY	DIRECTIVE	DUE DATE	STATUS
16.	RUS	Threat to Broadband Infrastructure. --In April 2011, the Committee was made aware of national security concerns regarding the introduction of potentially harmful technology into the U.S. broadband infrastructure through the Department's broadband program. The Committee directs the Department to fully investigate these concerns, work with Federal partners to determine the most appropriate response, and report to the Committee regarding this issue. (House Report)	Sept. 1, 2011	Due to national security concerns, USDA/RUS will not be able to complete this report. (#6888930)

* For deadlines with asterisks next to the date, please note that no specific date was provided. Pursuant to Senate report language, unless specified, reports will be due within 120 days after the date of enactment.

USDA INTERNS

Mr. Kingston: In January, Secretary Vilsack announced USDA would hire 7,100 interns from low-income families this summer. Please describe USDA's policy regarding summer internships, provide the number of interns hired from FY 2008 through present by agency and include allocated funding for internships.

Response: Currently, USDA follows Federal policy established by the Office of Personnel Management in planning, managing, implementing, and evaluating the student intern program. The internship program is important to USDA as a component of workforce development and succession planning to build a pipeline to fill future technical and leadership roles. The USDA Student Employment Program Plan is coordinated through the Office of Human Resources Management (OHRM). I will have them provide you with more information for the record. Additionally, I have provided the number of interns hired and the funds allocated for the program since 2008.

[The information follows:]

The Student Educational Employment Program, established in 1994, provides Federal employment opportunities to students who are enrolled or accepted for enrollment as degree seeking students taking at least a half-time academic, technical, or vocational course load in an accredited high school, technical, vocational, 2 or 4 year college or university, graduate or professional school. The Student Educational Employment Program comprises two components: the Student Temporary Employment Program (STEP) and the Student Career Experience Program (SCEP). The STEP provides maximum flexibility to both students and managers because the nature of the work does not have to be related to the student's academic or career goals. The SCEP, however, provides work experience which is directly related to the student's academic program and career goals. Students in the SCEP may be noncompetitively converted to term, career or career-conditional appointments following completion of their academic and work experience requirements. The Student Educational Employment Program benefits both agencies and students. Agencies can discover first-hand the abilities of a potential employee. In the case of SCEP, agencies can bring well educated graduates into their workforce while at the same time give their managers the ability to evaluate the student's performance in real work situations. Students, on the other hand, can avail themselves of such flexibilities as year round employment and flexible work schedules and assignments. Students in the SCEP gain exposure to public service while enhancing their educational goals and shaping their career choices. Even in an era of downsizing, there is a continuing need to recruit and develop talented employees to support changing agency missions, ensure that the Government can meet its professional, technical, and administrative needs, and achieve a quality and diverse workforce. Appointments made under the Student Educational Employment Program authority can help agencies meet these needs.

The current policies will soon be replaced by a new regulation, the Pathways Program. The Pathways Program regulation is expected to be finalized in April 2012. USDA is currently working closely with OPM to prepare to implement this new regulatory authority for hiring interns, and will be prepared for the transition.

Below is the link to more details about the current OPM student intern policies. <http://www.opm.gov/employ/students/>

Below is the link to information about the proposed Pathways Program regulation that will replace the current student intern policies. <http://www.opm.gov/HiringReform/Pathways/program/interns/>

USDA Student Employment Data for QFR
 Interns Hired by USDA
 (Dollars in Thousands)

Agency	2008		2009		2010		2011		2012 g/	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agricultural Marketing Service	39	5307	45	5510	36	5407	30	5235	30	5235
Agricultural Research Service	963	5,309	819	4,529	883	4,425	913	5,071	972	5,437
Animal and Plant Health Inspection Service	172	4,520	128	3,347	132	3,759	162	4,708	286	2,430
Departmental Management	11	102	32	296	69	639	116	1,074	120	1,111
Economic Research Service	40	450	19	224	18	217	19	229	20	241
Farm Service Agency	84	2,882	84	2,777	76	2,657	28	272	-	-
Food and Nutrition Service	12	128	12	129	43	481	58	604	55	615
Food Safety and Inspection Service	123	1,232	118	1,280	144	1,526	121	1,120	121	1,165
Foreign Agricultural Service	15	412	20	559	29	838	24	689	23	856
Forest Service	3,746	43,286	4,105	49,914	4,189	45,860	3,827	36,829	5,051	55,002
Grain Inspection, Packers, and Stockyards Administration	4	103	5	66	6	152	1	168	2	132
National Agriculture Library	-	-	-	-	-	-	14	77	-	-
National Agriculture Statistics Service	16	240	22	168	28	475	24	471	27	475
National Appeals Division	1	11	2	22	2	24	-	-	3	36
National Institute of Food and Agriculture	11	123	17	281	23	336	24	364	16	430
Natural Resources Conservation Service	174	3,308	239	3,829	488	6,382	459	6,069	400	5,289
Office of Communications	2	17	2	12	3	50	6	56	1	33
Office of the General Counsel	-	-	1	-	1	10	24	8	24	8
Office of Inspector General	1	75	1	43	5	143	19	380	10	194
Office of the Secretary	9	113	2	25	17	249	13	145	6	77
Rural Development (Mission Area)	112	773	103	711	156	1,076	211	1,456	100	690
Risk Management Agency	14	154	22	242	29	319	11	121	23	253
Grand Total	5,549	63,545	5,798	68,964	6,377	70,025	6,104	60,146	7,290	74,709

g/ Estimates as of February 17, 2012

BONUSES AND AWARDS

Mr. Kingston: Please provide for the record summary of total bonus and award resources (total number of awards/bonuses and dollar amount) for every position type (i.e., SES, SL/ST, GS, etc.) in each appropriation account for USDA for fiscal years 2010 and 2011. Provide a separate breakout for excepted positions. Do not exclude any type of bonus or award payment (e.g., include all types of monetary payments, including incentives, individual and group awards, bonuses, performance awards, Presidential Rank Awards, etc.).

In addition to the summary level data, provide the Subcommittee with an electronic file (excel format) containing the data requested above on an individual basis without personally identifiable information. Lastly, for each appropriation account, provide the Subcommittee with the total number of promotions, within-grade increases or promotion equivalents under FSIS's Public Health Human Resources System (PHHRS) for fiscal years 2009, 2010, and 2011.

Response: The information is submitted for the record. As requested, the data includes payments for all types of performance awards as well as incentives such as recruitment and retention bonuses. The electronic file containing data on individual awards will be submitted to the Subcommittee as requested.

[The information follows:]

Bonuses and Awards Summary
(Dollars in Thousands)

Agency/Appropriation Account	FY	SES		Other		Excepted Positions		Total	
		Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
Food Safety and Inspection Service Food Safety and Inspection Service	2010	25	\$250 0	5 971	\$5 900 0	457	\$365 0	6,453	\$6,516 0
	2011	24	\$202 0	5 786	\$6,033 0	544	\$457 0	6,354	\$6,652 0
Food and Nutrition Service Nutrition Programs Admin	2010	16	\$179 5	2 131	\$1,485 0	0	\$0 0	2,147	\$1,664 5
	2011	16	\$142 2	1,556	\$1 631 3	0	\$0 0	1,572	\$1 773 5
Rural Development Salaries & Expenses	2010	12	\$141 4	311	\$732 0	31	\$24 9	354	\$888 3
	2011	10	\$96 4	313	\$386 7	10	\$5 0	333	\$468 1
Natural Resources Conservation Service Conservation Operations	2010	16	\$257 3	9 095	\$8 168 5	157	\$89 0	9,268	\$8,514 8
	2011	18	\$135 8	8,342	\$8 807 5	168	\$107 0	8,528	\$9,050 3
Office of the Secretary Office of the Secretary	2010	2	\$25 0	40	\$87 0	0	\$0 0	42	\$112 0
	2011	3	\$81 0	29	\$65 0	0	\$0 0	32	\$146 0
Office of Advocacy and Outreach Office of Advocacy and Outreach	2010	0	\$0 0	0	\$0 0	0	\$0 0	0	\$0 0
	2011	0	\$0 0	44	\$90 0	0	\$0 0	44	\$90 0
National Appeals Division National Appeals Division	2010	0	\$0 0	138	\$415 0	0	\$0 0	138	\$415 0
	2011	0	\$0 0	105	\$184 0	0	\$0 0	105	\$184 0
Office of Communications Office of Communications	2010	0	\$0 0	37	\$37 0	0	\$0 0	37	\$37 0
	2011	0	\$0 0	4	\$4 0	0	\$0 0	4	\$4 0
Office of Civil Rights Office of Civil Rights	2010	0	\$0 0	126	\$306 0	0	\$0 0	126	\$306 0
	2011	0	\$0 0	59	\$96 0	0	\$0 0	59	\$96 0
Office of Budget & Program Analysis Office of Budget & Program Analysis	2010	5	\$91 0	59	\$148 0	0	\$0 0	64	\$239 0
	2011	4	\$36 0	33	\$98 0	0	\$0 0	37	\$134 0
Office of the Chief Information Officer Office of the Chief Information Officer	2010	6	\$53 0	78	\$196 0	0	\$0 0	84	\$249 0
	2011	8	\$62 0	122	\$213 0	0	\$0 0	130	\$275 0

Bonuses and Awards Summary
(Dollars in Thousands)

Agency/Appropriation Account	FY	SES		Other		Excepted Positions		Total	
		Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
Office of the Chief Financial Officer Office of the Chief Financial Officer	2010	3	\$37.0	34	\$50.0	0	\$0.0	37	\$87.0
	2011	0	\$0.0	17	\$51.0	0	\$0.0	17	\$51.0
Office of Homeland Security Homeland Security Staff	2010	1	\$9.0	0	\$0.0	0	\$0.0	1	\$9.0
	2011	1	\$8.0	7	\$10.0	0	\$0.0	8	\$18.0
Office of the Chief Economist Chief Economist	2010	4	\$38.0	49	\$217.0	0	\$0.0	53	\$255.0
	2011	4	\$37.0	39	\$57.0	0	\$0.0	43	\$94.0
Departmental Administration Departmental Administration	2010	4	\$51.0	348	\$760.4	0	\$0.0	352	\$811.4
	2011	6	\$51.5	333	\$708.0	0	\$0.0	339	\$759.5
Office of the General Counsel Office of the General Counsel	2010	21	\$254.3	283	\$785.3	0	\$0.0	314	\$1,049.6
	2011	9	\$136.7	2	\$5.2	0	\$0.0	11	\$142.9
Office of Inspector General Office of Inspector General	2010	7	\$80.0	503	\$986.0	0	\$0.0	510	\$1,066.0
	2011	4	\$61.0	519	\$433.0	0	\$0.0	523	\$494.0
USDA, Total	2010	262	\$3,117.6	44,543	\$48,033.8	1,314	\$1,030.3	46,119	\$52,181.7
	2011	230	\$2,146.9	38,392	\$43,046.7	1,883	\$1,215.9	40,505	\$46,409.5

Total Number of Promotions and Within-Grade Increases

Agency	Fiscal Years		
	FY 2009	FY 2010	FY 2011
Farm Service Agency - Federal			
Promotions.....	452	434	484
Within-Grade Increases.....	1,889	1,911	1,880
Farm Service Agency - County			
Promotions.....	1,083	1,176	1,078
Within-Grade Increases.....	3,766	3,519	6,073
Foreign Agricultural Service			
Promotions.....	65	73	70
Within-Grade Increases.....	504	502	554
Risk Management Agency			
Promotions.....	64	69	80
Within-Grade Increases.....	193	208	221
Natural Resources Conservation Service			
Promotions.....	1,194	1,463	1,456
Within-Grade Increases.....	4,732	4,888	5,243
Rural Development			
Promotions.....	577	549	539
Within-Grade Increases.....	2,202	2,242	2,201
Food and Nutrition Service			
Promotions.....	58	46	59
Within-Grade Increases.....	540	457	535
Food Safety and Inspection Service			
Promotions.....	1,226	1,013	961
Within-Grade Increases.....	3,942	2,866	2,749
Animal and Plant Health Inspection Service			
Promotions.....	776	746	662
Within-Grade Increases.....	3,356	3,443	3,395
Agricultural Marketing Service			
Promotions.....	254	220	227
Within-Grade Increases.....	903	978	885
Grain Inspection, Packers and Stockyards Administration			
Promotions.....	124	126	119
Within-Grade Increases.....	256	301	325

Total Number of Promotions and Within-Grade Increases

Agency	Fiscal Years		
	FY 2009	FY 2010	FY 2011
Agricultural Research Service			
Promotions.....	648	622	568
Within-Grade Increases.....	2,889	2,814	2,641
National Institute of Food and Agriculture			
Promotions.....	28	35	60
Within-Grade Increases.....	103	114	108
Economic Research Service			
Promotions.....	23	22	19
Within-Grade Increases.....	125	142	140
National Agricultural Statistics Service			
Promotions.....	140	101	131
Within-Grade Increases.....	479	482	459
Office of the Secretary			
Promotions.....	9	16	16
Within-Grade Increases.....	6	26	36
Departmental Administration			
Promotions.....	21	77	59
Within-Grade Increases.....	113	108	135
Office of Communications			
Promotions.....	1	1	6
Within-Grade Increases.....	8	15	25
Office of Civil Rights			
Promotions.....	12	14	35
Within-Grade Increases.....	8	17	49
Office of Budget & Program Analysis			
Promotions.....	5	6	9
Within-Grade Increases.....	10	10	18
Office of the Chief Economist			
Promotions.....	3	2	2
Within-Grade Increases.....	14	18	14
National Appeals Division			
Promotions.....	1	13	12
Within-Grade Increases.....	4	14	25

Total Number of Promotions and Within-Grade Increases

Agency	Fiscal Years		
	FY 2009	FY 2010	FY 2011
Office of the Chief Financial Officer			
Promotions.....	3	4	4
Within-Grade Increases.....	12	15	4
Office of the Chief Information Officer			
Promotions	5	7	28 a/
Within-Grade Increases.....	15	18	22
Office of Homeland Security			
Promotions	1	0	2
Within-Grade Increases.....	0	3	2
Office of Advocacy and Outreach			
Promotions	0	0	1
Within-Grade Increases.....	0	0	3
Office of General Counsel			
Promotions	30	27	28
Within-Grade Increases.....	120	117	115
Office of Inspector General			
Promotions	63	102	105
Within-Grade Increases.....	277	252	290
Total, Promotions	6,866	6,964	6,820
Total, Within-Grade Increases.	26,466	25,480	28,147

a/ - Interns made up 18 of the 28 promotions

FOOD SAFETY

Mr. Kingston: How many meat and poultry slaughter and processing inspectors were funded in Fiscal Year 2011 and are currently being funded in Fiscal Year 2012. How many will be funded in 2013 under the President's budget request?

Response: FSIS inspection program personnel provide inspection services at over 6,000 meat, poultry, and egg processing establishments around the country. FSIS funded 8,033 in-plant personnel in FY 2011 and is funding 8,033 in FY 2012. FSIS requested funding for 7,395 in-plant positions in FY 2013.

Mr. Kingston: What is the retention rate for the meat and poultry inspection workforce and how does it compare to historic trends? What is USDA doing to ensure that there is a qualified inspection workforce for the future?

Response: The retention rate of in-plant inspection program personnel as of September 30, 2009, was 85.11 percent. FSIS continues to maintain strong retention rates of over 80 percent per year during the past decade.

Attrition rates are monitored so that trends can be incorporated into recruitment plans.

FSIS is using a number of creative mechanisms to ensure that the Agency is able to hire and retain a quality inspection workforce for the future. Some of the tools available to FSIS include:

- Offering relocation incentives to new hires in hard-to-fill or shortage locations.
- Offering college loan repayment incentives to employees in specified locations.
- Offering recruitment incentives to qualified personnel.
- Using Superior Qualifications, GS positions, to set the rate of basic pay above the minimum level.
- Using Public Health Human Resources System (PHHRS) pay setting flexibilities to set the rate of basic pay above the minimum of the band.
- Offering performance awards for front-line inspectors.
- Offering a retention incentive for select employees who would be likely to leave Federal service without the incentive.
- Offering dual waiver compensation for reemployed annuitants.
- Targeting more colleges and diverse groups for potential qualified employees.

Mr. Kingston: What is the Department's interpretation as to the minimal legal requirement for the number and frequency of inspectors in both slaughter and processing plants? Please provide a distinction for poultry and non-poultry plants as necessary.

Response: For meat slaughter plants, FSIS inspectors must do ante mortem inspections of all animals before they enter the slaughter plant and post mortem inspections of all animals slaughtered. For poultry slaughter plants, FSIS inspectors must do ante mortem inspections and inspection of carcasses of each bird slaughtered. For egg processing operations, FSIS inspectors must be continuously present. FSIS personnel must inspect meat and poultry processing plants at least once per shift per day. The number of inspectors in a slaughter establishment varies based on numerous factors which include species, carcasses per minute slaughtered, and type of slaughtering technique. The number of inspectors in a processing plant varies based on a work load calculation, which is dependent on the types of operations conducted by the establishment.

Mr. Kingston: Please provide the Committee with the total costs for the Public Health Information System in each year from FY 2009 to estimated FY 2012.

Response: The information is provided for the record.

{The information follows:}

The table below lists the costs by year that FSIS spent on developing the Public Health Information System (PHIS):

Public Health Information System Funding (\$ millions)				
FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
\$1.70	\$12.80	\$7.30	\$4.10	\$3.50

Mr. Kingston: Please describe the Department's activities related to EPA's Risk Assessment of dioxin. How will EPA's new standard affect USDA's

rules, regulations, practices or guidelines regarding food safety production practices and soil conservation standards?

Response: FSIS has been working with EPA to reduce dioxin spikes in the general environment in the United States by 90 percent since 1987. Because of this progress, dioxins are found in very low levels in the U.S. food supply. USDA does not plan to take additional regulatory actions on dioxin and, instead, will continue existing interagency efforts aimed at reducing source emissions, including a regularly scheduled dioxin survey in meat products. The results of that survey are slated to be available by the end of calendar year 2013.

PEST AND DISEASE PREVENTION/ERADICATION

Mr. Kingston: What are the Department's plans for making pest and disease prevention and eradication programs a priority in light of the proposed reductions for FY 2013? What is USDA doing to inform or educate OMB on the need to make these programs a priority?

Response: USDA takes very seriously its mission to protect the health and value of American agriculture and natural resources. In developing the fiscal year 2013 Budget request, we faced a number of tough choices regarding which pest and disease efforts to pursue given declining resources. All APHIS programs were reviewed to identify efficiencies. For example: APHIS has been working on several statistical and epidemiological methods to increase the efficiency of animal health surveillance without sacrificing confidence of industry and trading partners in our surveillance system. Through these modifications in epidemiology methods, APHIS proposes reductions in the Cattle Health and Swine Health programs for FY 2013. The request accounts for the implementation of these identified efficiencies. The request also seeks greater contributions from our partners than we have in the past. Finally, the request reduces programs where success has been achieved or eradication is not currently considered possible. Even given the decreases that are being requested, we will continue to place high priority on those pests or diseases that pose the greatest risk to American agriculture and natural resources. We work closely with the Office of Management and Budget (OMB) throughout the budget development process to ensure maximum support for these requests.

CCC TRANSFERS

Mr. Kingston: Please provide for the Committee a complete list of all fiscal year 2008 through 2011 transfers from the CCC for the arrest and eradication of plant and animal pests and diseases, and those that have been requested, but not yet approved. For all transfers, note the amounts spent to date.

Response: The information is submitted for the record. For 2012, \$8 million was requested to continue to address the European grapevine moth in California. There are currently no other requests pending approval.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY PROGRAM FUNDING
(Dollars in Thousands)

Fiscal Year	Emergency	CCC Transfers	Obligations
		b/	a/
2008	Cattle Fever Tick	\$5,233	\$4,082
	Light Brown Apple Moth	74,539	34,467
	Tuberculosis	22,928	42,998
2009	Asian Longhorned Beetle	24,533	23,967
	Cattle Fever Tick	4,894	4,768
	Light Brown Apple Moth	--	26,210
2010	Tuberculosis	--	8,215
	Asian Longhorned Beetle	41,451	24,809
	Cattle Fever Tick	--	751
2011	Grasshopper	10,735	4,207
	Light Brown Apple Moth	--	22,068
	Tuberculosis	--	2,462
2011	Asian Longhorned Beetle	--	18,356
	Cattle Fever Tick	--	56
	European Grapevine Moth	16,922	14,327
2011	Grasshopper	--	322
	Light Brown Apple Moth	--	5,702
	Tuberculosis	--	1,781

a/ May include funds from prior year balances.

b/ Available balances from prior CCC releases were redirected from other emergencies as follows: \$7 million in FY 2008, \$16 million in FY 2010 and \$6 million in FY 2011.

COMMODITY PURCHASE SYSTEM

Mr. Kingston: USDA developed the commodity management system called the Web-based Supply Chain Management system. Please provide a table showing the total amounts of program level funding for this system, with a specific breakout from Congressional appropriations as well as from the Section 32 account. Please provide a status report on this project, including a report of funding required for operations and maintenance as well as the benefits expected to be generated from this system.

Response: The information is provided for the record.

[The information follows:]

Web-based Supply Chain Management Funding System Design and Development (Dollars in Millions)				
Fiscal Year	AMS Mandatory (Section 32)	FNS Mandatory/ Discretionary	FSA Discretionary	Total
2007	\$42	-	-	\$42
2008	19	-	-	19
2009	20	-	-	20
2010	9	\$3	\$2	14
2011	5	-	-	5
2012 Est.	-	-	-	-
2013 Est.	-	-	-	-
Total	95	3	2	100

Web-based Supply Chain Management Funding Operations and Maintenance (Dollars in Millions)				
Fiscal Year	AMS Mandatory (Section 32)	FNS Mandatory/ Discretionary	FSA Discretionary	Total
2010	\$1	\$3	\$3	\$7
2011	15	8	-	23
2012 Est.	15	8	-	23
2013 Est.	15	9	-	24
Total	46	28	3	77

Note: Web-based Supply Chain Management System costs above do not include planning and administrative expenses.

Status Report for the Web-based Supply Chain Management System

On April 1, 2011, the Web-based Supply Chain Management System (WBSCM) team completed the last phase of implementation and WBSCM became fully functional. The WBSCM investment has been successful, with over 9,000 registered users, and purchases of 4.5 billion pounds of commodity product for domestic and international programs valued at \$2.3 billion.

With WBSCM fully functional, the WBSCM team has been working with customers and business partners to ensure continuous process improvement and capability. Concerted efforts are underway to enhance system operations, especially for stakeholders participating in the international programs. The team has identified areas of improvement and is addressing each with a targeted effort. These efforts include the resolution of concerns regarding data integrity, performance, international concerns, and normal defect resolution. The team is providing technical assistance and support to improve customers' experience with the system.

WBSCM Benefits

The following benefits are the goals of WBSCM. We are working toward meeting these goals for USDA agencies and other stakeholders.

Benefits to Purchasing Agencies (USDA/USAID)

Standard Software:

- Uses commercial SAP software that is also being utilized by USDA's new accounting system (Financial Management Modernization Initiative) and the Farm Service Agency's MIDAS (Modernize and Innovate the Delivery of Agricultural Systems), two of the largest IT investments within USDA.
- Regular software updates (new releases) should eliminate need to completely rewrite the system for new technology.

Processes:

- Streamlines processes in an integrated system.
- Standardizes financial processes and structures for consistent financial management practices.
- Streamlines monthly and yearly account close-out.
- Provides electronic records management.
- Enables automation of invoice generation, approval, and payment process (currently paper-based).
- Improves communication of food purchase requirements, making purchases more cost-effective.

Reporting:

- Single source for timely, easy-to-access data, allowing automated reports and generation of non-standard reports.
- Provides vendor performance reporting, including late deliveries and collusion detection.
- Provides flexibility in creating new accounting categories to meet tracking and reporting requirements for special programs or situations (e.g., ARRA or the 2008 Farm Bill).
- Provides information needed for fast USDA response to Presidentially-declared disasters.

Benefits to Domestic and International Food Aid Recipients

- Streamlined ordering process using standard shopping cart functionality.
- Provides notification of shipment and notice of receipt of product.
- Provides real time order status and tracking of deliveries, entitlements, and agreements.
- Automated standard reports and easy generation of non-standard reports.
- Improves communication of food recipient requirements for suppliers, resulting in greater support to those who benefit from purchase programs.
- Efficient USDA response to Presidentially-declared disasters helps ensure timely support to recipients.

Benefits to Business Partners

- Standard access to all bid invitations and bid response.
- Electronic notification of purchase awards and ability to download purchase documents into their own systems.
- Automated, useful reports and easy generation of non-standard reports from an integrated system.
- Online electronic submission of invoices, quality or inspection certificates, and proof of delivery, eliminating current paperwork burden.
- Real time electronic status of invoice payments.

2012 FARM BILL

Mr. Kingston: Please describe in detail USDA's proposal related to the 2012 farm bill.

Response: Through the Consolidated Farm and Rural Development Act of 1972 (Con Act), Congress charged USDA with leading the Federal Government's efforts to ensure a prosperous rural America and declared this task "so essential to the peace, prosperity, and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas." Today, the USDA has the responsibility to implement a suite of programs with the sole mission of improving the quality of life and economic condition of rural communities.

President Obama and I care deeply about rural communities. Over the last three years, we've made historic investments in rural America designed to drive job growth and form the foundation of a rural economy that is built to last. We want to build a better future for the men and women who live, work and raise their families in rural communities - and to extend the promise of middle class jobs where hard work pays off and responsibility is rewarded.

As you know, rural America has unique challenges and assets. Rural communities are characterized by their isolation from population centers and product markets and benefit most from initiatives that integrate local institutions and businesses with State and Federal agencies that have intimate knowledge of their local needs. Delivering effective programs to rural America, that comprises over 75 percent of the total land mass of the United States, is a continual challenge. USDA is the only Federal Department with the primary mission of serving rural areas and has a field office structure in every State that helps us serve the specific needs of local rural communities. The long-standing relationships established through the communities and direct personal contact has allowed us to deliver our programs with great success. Our footprint in the field allows us to provide critical technical assistance and credit counseling among other services that might otherwise be unavailable in rural areas.

As Congress considers the next Farm Bill, I would like to suggest you consider two key themes: streamlining and flexibility. Congress has provided USDA with an impressive range of authorities to provide grants and direct and guaranteed loans to communities and rural businesses. Over the years, as the programs have been added in each successive Farm Bill, we are left with 40 programs in Rural Development, many of which have overlapping authorities and goals. I would like to work with Congress to consider how we might streamline our grant and loan authority to reduce the number of programs, but maintain the flexibility in authority to continue to serve rural communities and businesses in an effective and comprehensive way.

In particular, I would like to suggest more flexibility in the way USDA and Rural Development supports regional development. While we have looked to our current authorities for every opportunity to support communities that are working regionally, more could be done. In the budget, we repeated our call to target resources for projects or communities that are part of a regional strategy. I urge Congress to consider this strategy to encourage communities to take on what can be a little more organizational work on the front end, but that will yield better and more lasting results.

In addition to these themes of streamlining and flexibility, I would like to suggest that an essential component of building a rural economy that lasts is new farmers. As the average age of farmers continues to increase, and interest in farming continues to grow, I believe Congress has a unique opportunity in the next Farm Bill to craft policy to ensure that there are people to take care of our rural lands in the future. While this area is challenging, there are a number of tools to encourage new entrants into

farming and current landowners to pass on their farm to a new producer. Now is certainly the time to focus energy on what policies will be most effective.

Finally, as part of the strategy to confront our fiscal challenges in a thoughtful and responsible manner, the President's budget includes a reduction in agricultural spending of \$32 billion over ten years by eliminating direct farm payments, decreasing subsidies to crop insurance companies, and better targeting conservation funding to high priority areas. The budget also proposes to extend disaster assistance programs for the 2013 through the 2017 crops. Reductions much above this level would make it difficult to provide an adequate safety-net for farmers.

OFFICE OF THE GENERAL COUNSEL

Mr. Kingston: Please describe the litigation ongoing at USDA. Include a summary of the cases, estimated costs and number of staff assigned to each case.

Response: I will have the General Counsel provide you with that data.

[The information follows:]

The attached documents provide a snapshot of the Office General Council's (OGC) ongoing litigation in support of USDA's seventeen agencies and sixteen offices. Based on the information available, we estimate that OGC is currently handling over 11,000 litigation matters, including over 400 cases we consider significant because of the associated monetary value or potential to impact USDA's program operations.

We do not currently have the ability to provide estimates of our litigation costs. Instead, where the information is available we have included the estimated amounts in controversy. For the vast majority of cases, one attorney has primary responsibility for the individual case. However, more than one attorney may be assigned to complex cases, such as class action litigation. All attorneys manage significant litigation and/or counseling workloads.

We estimate that, on average, OGC attorneys spend more than 50 percent of their time on non-litigation matters. Such matters include counseling on statutory requirements, preparing and reviewing documents such as real estate closing instruction, complex contracts, and official correspondence, assisting Agencies on transactional matters, drafting or reviewing agency regulations, responding to Agency requests for legal advice, and providing technical assistance to Congress. I have attached the following documents to provide the current litigation that is ongoing at USDA:

- Quarterly Report of Appellate Litigation - Cases Pending as of December 31, 2011.
- Ongoing Litigation, lists the significant pending litigation and, at the end of the list, numbers of cases for more routine categories of litigation, such as foreclosures and bankruptcies. This list is not exclusive of the matters that are listed in the Quarterly Report of Appellate Litigation or in the matters included in the Audit report to OIG.

] CLERK'S NOTE: The report and data listing are too voluminous to print, and are on record in Committee files. [

Mr. Kingston: Please provide a detailed description of the reorganization of Office of General Counsel.

Response: I will have the General Counsel provide you with specific details of the reorganization.

[The information follows:]

The Office of the General Counsel (OGC) of the U.S. Department of Agriculture reorganized its Washington, DC headquarters effective February 1, 2012. The reorganization was necessitated in part by a marked reduction in the staff of OGC over the last two decades, that was exacerbated by reductions in OGC's appropriations in FY 2011 and FY 2012. Since the start of FY 2011, 21 attorneys and 11 support professionals have retired or resigned. In order to avoid furloughs or reductions in force, we have only been able to replace 5 lawyers and 3 support professionals. We estimate that the total number of staff years for 2012, including 26 staff years funded under other USDA appropriations, will be only 282. This represents 25 percent fewer employees than OGC had 20 years ago, with no commensurate reduction in the amount of work. We have requested in the FY 2013 budget an increase of \$5.7 million and 32 staff years to help mitigate the decrease in staff.

Faced with a reduced staff, an exceedingly heavy workload for a legal office of its size, and continuing budget constraints, in August 2011 a group of OGC's senior career managers, the General Counsel, and her immediate staff met in Washington DC to discuss OGC's future. A key focus of the meeting was whether changes could be made in OGC's work processes and organizational structure to enhance its ability to continue to deliver excellent legal advice to its clients. The management team concluded that one of the few tools available was to organize into bigger structural units. A smaller group of managers developed a reorganization plan that was presented to the staff of OGC in October 2011, and modified after many listening sessions with employees and communications with AFGE Local 1106, which represents OGC's lawyers and support staff.

Before the reorganization, headquarters employees were distributed among 13 small Divisions (some consisting of as few as four attorneys including its manager). This balkanized structure : (a) hindered OGC's ability to change the type of work handled by employees in response to changing needs; (b) limited developmental opportunities for employees to work in different areas of law; (c) impeded the knowledge management and transfer essential to succession planning; (d) resulted in disproportional manager to staff ratios; and (e) could result in uneven workloads among attorneys in different divisions, and the occasional inability to service clients when a particular attorney was out of the office.

As described in further detail below and reflected in the attached organizational chart, the new structure consists of five Divisions. The benefits of this streamlined structure to OGC and its employees, its client agencies and the American public include:

- An enhanced ability to leverage staff resources -- larger staff blocks enable OGC managers to realign resources in response to changing client needs and help ensure that workloads are evenly distributed and that resources are fully utilized at all times.
- Over time, will allow OGC to eliminate a management layer, reducing salary costs and facilitating the hiring of lower-cost staff;
- More opportunities for attorneys to grow professionally by permitting them to work in a broader range of related practice areas (the practice prevailing before the reorganization was to encourage very narrow specialization) and, in combination with the flattening of the management structure, by empowering them to work more independently;

- The elimination of organizational barriers to knowledge-sharing, collaboration and cross-training. This benefit is particularly important given that as of February 17, 2012, 56 employees (including seven out of 13 Senior Executives and 23 out of 67 GS-15 attorneys) are either eligible to retire or will be within the next two years, and that budgetary constraints do not permit OGC to hire and train successors in advance of retirements.
- Better align OGC's organizational structure with the Department's structure and client needs; and
- Ensure that practice groups maintain the critical mass required to permit some cross-training so as to enable coverage when specialized attorneys serving a client are absent.

Specifically, the reorganization resulted or will result in the following changes summarized in the chart below and explained in the text that follows:

USDA - OGC Headquarters Reorganization Effective 2/1/2012

	Before	After
Associate Areas	0	0
Divisions	13	5
Deputy General Counsels	1	2*
Associate General Counsel Positions	6	5
Assistant General Counsel Positions	13	9
Deputy Assistant GCs**	13 Positions 11 incumbents	0 Positions 10 incumbents

* One career SES and one political SES

** Position to be eliminated gradually as incumbents retire or resign.

1. Larger Divisions. The reorganization eliminated 13 Divisions and consolidated them into 5 practice Divisions, each led by an Associate General Counsel and one or two Assistant General Counsels who manage the practice as a collaborative team. The new Divisions are: 1) International Affairs, Food Assistance, and Farm and Rural Programs; 2) General Law and Research (including litigation and legislation); 3) Civil Rights, Labor and Employment Law; 4) Natural Resources and Environment; and 5) Marketing, Regulatory, and Food Safety Programs. Except for the Civil Rights, Labor and Employment Law Division, which has two sections because of the need to separate the counseling function from the defensive litigation function, the new Divisions have no subordinate units.

With the reduction in the number of Divisions, numerous functions within the Divisions were realigned. The employment and labor law functions from the legacy General Law Division moved to the new Civil Rights, Labor and Employment Law Division. The commodity procurement function moved from the legacy Division International Affairs and Commodity Programs to the new General Law and Research Division. Also, functions handled by the former Legislation Division are now handled by a lawyer within each of the five new Divisions who coordinates legislative matters for his or her Division.

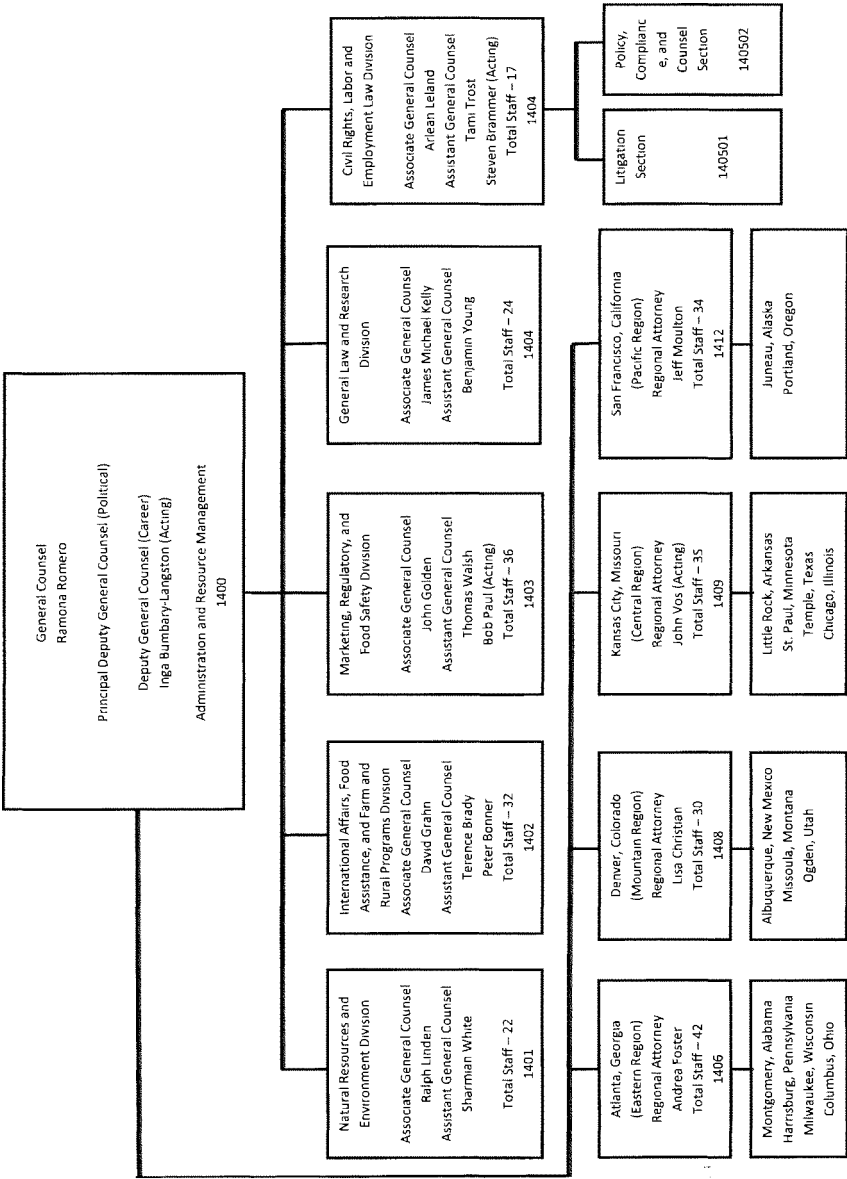
2. Gradual reduction in the layers of management and the number of managers. Currently, headquarters has four layers of management: 1) General

Counsel/Deputy General Counsel; 2) Associate General Counsel; 3) Assistant General Counsel; and 4) Deputy Assistant General Counsel. There were six Associate General Counsels who supervised a total of 13 divisions, each of which was led by one Assistant General Counsel. Some of the 13 divisions also had one or more Deputy Assistant General Counsels. Through the reorganization, we are gradually flattening the management structure and reducing its cost burden:

- a. Phasing out Deputy Assistant General Counsel positions by attrition. Deputy Assistant General Counsel positions will not be filled as incumbents leave OGC or voluntarily transfer to another position within OGC.
- b. Realigning the Assistant General Counsels. The number of Assistant General Counsels in each Division has been and will continue to be realigned based on factors such as number of employees in the Division, complexity of work, and experience level of the line attorneys.
3. Addition of a career Deputy General Counsel position. This will increase the total number of Deputy General Counsels to two (one political and one career). This position is designated for a career senior executive and oversees the administrative functions of the office, two of the four Regional Offices, and two of the five Associate Divisions. This position allows an individual with long-term knowledge of OGC to focus on essential operational functions, ensures that the activities of the field offices and headquarters are better coordinated, and that there is continuity during times of leadership transition. This new position is budget neutral because we reduced the number of Associate General Counsels from six to five.
4. The eventual realignment of secretaries. Ultimately, the existing Washington, DC secretarial staff will be realigned so that each Division and the Office of Administration will have two or three secretaries depending upon the Division's size. Before the reorganization, there was one division with one secretary, and others with three or four secretaries without any correlation to the number of attorneys in the divisions or the nature of the work performed. OGC has worked with support staff to accommodate voluntary transfers which will result in proportional assignments of secretaries to the divisions. These adjustments are still ongoing.

Although change is always difficult, OGC worked extensively with its union and endeavored to effect its reorganization with minimal staff disruptions and no impact on services to client agencies. The reorganization minimized the movement of staff from one Division to another, and avoided demotions of staff members. This is particularly true with respect to the current Deputy Assistant General Counsels. No current Deputy Assistant General Counsel will be demoted or transferred as a result of the reorganization, and secretaries have voluntarily moved to other Divisions in order to ensure a reasonably equitable allocation of OGC's limited support resources.

Finally, managers in each Division are collaborating with staff to evaluate the needs of their clients and to develop a plan to meet those needs within the new structure. Attorneys are encouraged to make their interests in new areas of the law known to their supervisors and supervisors are encouraged to accommodate those interests to the extent consistent with operational and client needs. Management foresees the expansion of staff lawyers' expertise and the more effective transfer of knowledge from experienced lawyers.



BIOPREFERRED PRODUCTS

Mr. Kingston: Please fully explain USDA's position that most forest products should not be included in the USDA Biopreferred program because they are not considered "new" products. Include relevant current law, conference report language, and USDA's policy or guidance and regulation.

Response: The BioPreferred program is authorized under section 9002 of the Farm Security and Rural Investment Act of 2002 (FSRIA), as amended by the Food, Conservation, and Energy Act of 2008 (FCEA). The legislative history of section 9002 suggests Congress intended to use this program to speed the development of new markets for biobased products, rather than to support mature markets for products. As described in the conference report accompanying FSRIA, the intent of section 9002 "is to stimulate the production of new biobased products and to energize emerging markets for those products." For this reason, USDA's regulation outlining the Federal procurement preference program, "Guidelines for Designating Biobased Products for Federal Procurement," excludes mature markets from the program.

USDA used the same rationale for excluding mature market products from the voluntary labeling program. In a December 8, 2009 letter commenting on the proposed voluntary labeling rule, Senator Tom Harkin (under whose leadership FSRIA was written) stated the following: "The proposed rule correctly focuses the BioPreferred labeling program on promoting the production and use of new or recently developed biobased products and expanding markets for such products. To fulfill the intent, purpose, and goals of the underlying statute, in both the procurement and labeling initiatives, requires drawing distinctions between more recently developed products that lack significant markets and those products that may have biobased content but have been produced for some length of time, are established in the market, or already have developed marketing schemes."

In response to the proposed voluntary labeling rule, the majority of the public comments were supportive of the USDA approach of excluding mature products from the program. Commenters stated that the value of the certification mark is to inform consumers that these new and innovative products are available and that USDA has certified the biobased content. Public commenters also stated that most of the mature market products already use other well-established and well known labels like the "cotton" logo and the Forest Stewardship Council (FSC) certification.

LIVESTOCK WARRANTY PROGRAM

Mr. Kingston: In January of last year I, along with several Senators, sent you a letter on behalf of livestock producers from Georgia seeking the USDA's cooperation with the United States Livestock Producers regarding a livestock warranty program they have developed to assist producers in time of catastrophic disease outbreaks. Committee report language was included for FY 2012 directing the USDA to engage the private sector to help them further develop a Livestock Warranty Program. Can you update me on the progress the USDA has made in working with the private sector in helping them develop a livestock warranty program?

Response: USDA is continuing to work with the private sector on how a livestock warranty program might integrate with current Federal regulations, and is looking into changes that may be needed to those regulations in order to best serve producers.

In October 2011, USDA's Animal and Plant Health Inspection Service (APHIS) met with representatives from Watts and Associates, Economic Consultants, Inc., a primary stockholder of United States Livestock Producers, LLC, to understand how their product works, and to explore questions or concerns that might need to be addressed for this type of financial instrument to operate in relation to a Federal indemnity program. APHIS plans to meet

with Watts and Associates in the near future to further discuss how this type of product could operate.

HERD DESTRUCTION ALTERNATIVES

Mr. Kingston: I understand that the USDA wants to move away from using herd destruction orders to address animal disease outbreaks and rely more on early detection and prevention measures. Can you expand upon USDA's efforts and can you tell me with certainty that the USDA will no longer have to use herd destruction orders and quarantine in the future to control disease outbreaks?

Response: The information is provided for the record.

[The information follows:]

USDA's Animal and Plant Health Inspection Service (APHIS) is charged with protecting agriculture from animal and plant pests and diseases. In the event that a pest or disease of concern is detected, APHIS implements emergency protocols and partners with affected States to quickly manage or eradicate the outbreak. In the case of animal diseases, these are divided into two categories: endemic reportable diseases and foreign animal diseases (FADs) that are exotic to the country and whose presence is not tolerated.

Reportable Endemic Diseases: In 2009, APHIS revised its policy from recommending whole-herd depopulation as the sole control method of choice for reportable endemic diseases. Whole-herd depopulation has become cost prohibitive, especially as herd sizes increase and the costs for indemnification rise.

APHIS will consider all circumstances surrounding a reportable endemic disease outbreak when determining the best way to manage a disease in an affected herd. Therefore, in some cases, herd destruction may still be necessary to control some endemic diseases. Circumstances to consider include the disease prevalence within the herd, the risk of disease transmission if the animals are not depopulated, the effectiveness of other management practices, and the cost.

The alternative to whole-herd depopulation for reportable endemic diseases is known as a "test-and-remove" plan where a herd is kept under quarantine, with limited movement into and out of the herd, and tested periodically until the results show that the herd no longer poses a risk of disease transmission. Affected animals are removed from the herd to prevent maintenance and spread of the disease.

Foreign Animal Diseases: FADs are reportable diseases of livestock that would be catastrophic to the production sector, and have direct negative impact on domestic and foreign trade. APHIS strives to prevent the entrance of FADs into the United States by employing a number of mitigation activities including: active and passive surveillance for select FAD agents; regulation of the trade of commodities; working in conjunction with the Department of Homeland Security's Customs and Border Protection to prevent illegal smuggling of animals and their commodities; and educating the public in regards to biosecurity measures.

Despite sound prevention and exclusion measures being implemented, APHIS is developing a suite of countermeasures to mitigate the threat of key FADs (e.g. foot and mouth disease, highly pathogenic avian influenza). These include comprehensive response plans, use of the National Animal Health Laboratory Network, improved diagnostics, humane mass depopulation methods, alternative disposal strategies, and superior disinfection protocols.

Traditionally, APHIS has used a "stamping out" only approach to eradicate a disease such as FMD where all infected and exposed livestock are

depopulated and the carcasses processed through hygienic disposal. However, due to the nature of animal agriculture practices in the United States and the enormous amount of animals susceptible to FMD, this "stamping out" only response is neither practical nor cost effective unless the outbreak is highly limited and circumscribed.

Thus, USDA has decided to pursue an animal sparing modalities strategy in the event of a FAD outbreak for a number of reasons including the immense level of resources required for depopulation and disposal, incalculable indemnity costs, losses of export markets, interruption of domestic food supplies, and public outcry against mass destruction given the consumer awareness surrounding animal welfare issues. Key among these animal sparing modalities is the judicious use of vaccines where available and appropriate.

APHIS is working with its stakeholders and States to identify and develop rational strategies to respond to FMD and other high consequence FADs. APHIS will use all the tools in its arsenal, including depopulation where appropriate. However, the move to animal sparing modalities is part of a more holistic and cost effective approach to managing a FAD outbreak.

PUBLIC-PRIVATE PARTNERSHIPS

Mr. Kingston: If the USDA is planning on using best management and vaccination strategies more often than eradication through destruction orders it would appear to me that the USDA should also look for such public-private partnerships, in addition to their already strong relationship with states, to protect producers from extended time periods of losses and to continue to encourage producers to participate in early disease detection efforts. Do you agree that these types of programs would be helpful, even potentially save government funds down the road?

Response: USDA agrees that engaging in public-private partnerships is helpful to protect our animal agriculture and to ensure the integrity of the national food supply. Therefore, APHIS continues to work with industry stakeholders to develop mitigation strategies to tailor responses to foreign animal disease outbreaks. Since foot-and-mouth disease (FMD) arguably poses the greatest threat to U.S. agriculture, APHIS has and continues to engage industry stakeholders to discuss potential FMD vaccination strategies. This engagement is crucial to develop FMD response plans that take into account the impact vaccination may have on production agriculture. These stakeholders include the National Cattlemen's Beef Association, the National Pork Board, the National Pork Producers Council, the National Milk Producers Federation, the American Association of Swine Veterinarians, the American Association of Bovine Practitioners, and the American Sheep Industry Association.

To date, APHIS has been able to provide resources to achieve a common goal as was the case in the examples above. We look forward to being able to engage in future collaborative efforts to ensure agricultural biosecurity and the integrity of the food production system.

COUNTRY OF ORIGIN LABELING

Mr. Kingston: Provide an update on how USDA is conducting the implementation and oversight of the mandatory country-of-origin labeling program. I understand that there has been an extraordinarily high compliance rate but at the same time, we have also heard that there has been a recent uptick in retail inspections and that those inspections have exceeded the time and type of recordkeeping associated with a grocery store's normal course of business.

Response: The Country of Origin Labeling (COOL) program requires retailers to notify their customers with information regarding the source of certain foods. USDA's enforcement activities in retail stores and the supply chain began in 2005. USDA has cooperative agreements with agencies in all 50

states for their employees to conduct retail surveillance activities on behalf of USDA and we provide regular training for these cooperators. In 2011, state cooperators conducted 4,005 retail reviews and federal officials conducted 1,190 follow up retail reviews. All reviews have been processed and tracked extensively using a manual system. During 2012, the COOL program will launch a new automated data management system (COOL FACTS) that will improve reporting timeliness and accuracy, and make compliance information available on a real-time basis so that reviews can be better targeted.

There has not been an uptick of COOL retail surveillance activities in 2011. The number of retail reviews actually decreased from 7,741 reviews in 2010 to 4,005 in 2011. In 2012, approximately 3,000 retail reviews will be assigned to State cooperators upon completion of training and implementation of the new automated database management system.

The Agency's retail review procedures were amended in 2011 to accommodate an Office of Inspector General (OIG) recommendation. USDA's OIG performed an audit of the COOL program during 2010 and one of their recommendations was to improve the nature of COOL inspections by obtaining chain of custody information from retailers for a sampling of five covered commodities per retail review. In response to concerns raised by the Food Marketing Institute (FMI), the Agency has agreed to work with FMI to discuss ways to minimize the burden of these retail reviews while still meeting the recommendations made by the OIG for the 2012 retail review cycle.

Mr. Kingston: Can you provide the Committee with a report on the number of inspections, number of commodities inspected, percentage of compliance of the covered commodities that are inspected, number of inspectors, travel costs and training associated with USDA's oversight of this program?

Response: In FY 2011, the COOL program conducted 4,005 initial retail reviews and 1,190 follow-up retail reviews. There are over 37,000 regulated retailers and approximately 300 covered commodities offered for sale at a typical retail store. Overall, the COOL retail compliance rate for all commodities was 96-97 percent.

USDA has over 500 State reviewers and approximately 25 cross-utilized Federal reviewers. State reviewers handle the initial COOL reviews. Federal reviewers handle follow up retail reviews, which are conducted at locations with 10 or more non-compliances, stores with systemic issues found during their initial review, and stores with consumer complaints. In 2011, USDA reimbursed State cooperators \$315,000 in training expenses. Travel costs for State cooperators are included in the reimbursement to the State Agency for each retail review conducted. State reimbursements for retail reviews in FY 2011 totaled \$2,400,000. Federal training expenses in FY 2011 were \$84,000 and travel costs were \$78,000.

Mr. Kingston: Do you anticipate any changes being made to the program since the recent WTO preliminary ruling? Do you know if the United States Government will appeal that ruling?

Response: On November 18, 2011, the WTO Panel released its final report in the COOL dispute. The Panel found largely in favor of Canada and Mexico's claims that U.S. COOL requirements discriminate against non-U.S. products. USDA has been working closely with the Office of the U.S. Trade representative to vigorously defend COOL in the WTO dispute initiated by Canada and Mexico. At this time, it is premature to speculate on any potential changes to the COOL program since the United States still has the opportunity to appeal the WTO panel report. A decision has not been made whether or not to appeal the panel report.

ADMINISTRATIVE EFFICIENCIES

Mr. Kingston: There has been a lot of cutting at USDA over the past year and half. Some of that was due to reductions in appropriations made by Congress; some cuts were at your direction. USDA has seen 7,000 employees retire or voluntarily leave over the past year or so. You're planning to close 266 field based offices and 27 initial improvements have been identified to streamline administrative functions.

Tell the Committee what these 27 improvements consist of and how they are affecting administrative functions. If you could also tell the Committee how much these efficiencies are saving in dollar terms that would be helpful as well?

Response: Under the Blueprint for Stronger Service, USDA is reducing expenditures for certain IT products, supplies, travel, printing, and other services. The Blueprint also calls upon USDA to strengthen its administrative services. Under this initiative, the Department identified 379 recommendations for improving USDA's office support and operations, which includes ways to streamline the provision of administrative services, such as civil rights, information technology, finance, human resources, homeland security, procurement, and property management. The 27 Initial Improvements represent the first phase of items to be implemented as part of the Administrative Solutions Project (ASP) under the Department's Blueprint for Stronger Service. These 27 items consist of improvements from across the seven functional areas (Civil Rights; Information Technology; Finance and Budget; Human Resources; Homeland Security; Procurement; and Property Management) being reviewed as part of the ASP. Examples of these improvements include: standardizing the reporting alignment for the agency civil rights structures; consolidating the number of cell phone contracts; standardizing intrusion alarm monitoring at USDA facilities; and establishing a strategic sourcing program for USDA acquisition activities. Preliminary analysis for these 27 improvements indicates efficiencies generated by their implementation at around \$2 million annually.

Mr. Kingston: If a subcommittee member asked me, "Mr. Chairman, I would love to talk about those efficiencies that USDA says are saving money," where would they find these savings identified in the FY 2013 budget request?

Response: The savings are presented throughout the agency budget requests. It is also summarized in the President's Budget volume entitled "Fiscal Year 2013 Cuts, Consolidations, and Savings", page 123. Additional information can also be found on USDA's web site at www.usda.gov/strongerservice.

Mr. Kingston: What is the proposed savings for closing 266 field based offices?

Response: The Department expects to save \$58 million in 2013.

QUESTIONS SUBMITTED BY CONGRESSMAN ROGERS

OFFICE CLOSURES

Mr. Rogers: The FSA recently announced closure of over 130 offices. Please provide a full explanation of the selection process including:

1. The specific reasons and criteria for closing particular offices over others and if other alternatives, such as part-time openings or seasonal openings, were considered.

2. One of the criteria for closing an office that is underutilized is if that office was within 20 miles of another FSA office. Because of the geography of the Fifth Congressional District, a 20 mile trip over mountain roads could take an hour. Please clarify whether the 20 mile rule is calculating a 20 mile radius from the next FSA office or 20 miles by road travel.

Response: FSA followed the guidance outlined in the 2008 Farm Bill (Sec. 14212) to first propose closing, to the extent practical, all offices that are located within 20 miles of another office, and which employ 2 or fewer full-time employees. In addition, FSA identified all offices that currently have zero employees - no matter where they were located. Because FSA followed the Farm Bill criteria and zero person office criteria nationwide, there were no other alternatives considered.

The 20 mile calculation was based on Euclidian miles measuring straight-line distance from office location to office location.

HEALTHY HUNGER-FREE KIDS ACT

Mr. Rogers: The Healthy, Hunger-Free Kids Act of 2010 gave USDA the authority to update school meals standards and new requirements were released in January that will take effect July 1, 2012. The USDA has estimated the cost of the final rule to be \$3.2 billion over 5 years, assuming that schools will be able to add about \$5.3 billion in new revenue by offering a la carte foods. However, schools have expressed concern that the cost of the new rules outpace the amount of increase in meal reimbursement. There is also concern that schools lack the funds to upgrade their outdated equipment that would be necessary to comply with these rules.

When developing these rules, how much did the Department take cost and logistical considerations into account?

Response: Careful consideration of cost and logistical issues were an important part of developing the updated nutrition standards for the school meals programs. USDA is committed to ensuring that any such standards are practical and accompanied by extensive guidance and implementation assistance for our school partners. As part of the Healthy, Hunger-Free Kids Act of 2010, USDA built the new rule around recommendations from an Institute of Medicine expert panel, updated with key changes from the 2010 *Dietary Guidelines for Americans*. Getting the science right is critical to better nutrition and health for our children.

However, the Department knew from the outset that robust public input was essential to a successful rule. We received unprecedented public participation and input on the proposed standards, and made modifications to the proposed rule where appropriate. As a result, the final standards are much less costly than the proposed standards, provide additional time for implementation of some key changes, and better accommodate the administrative constraints facing schools and States. These responsible reforms do what is right for children's health in a way that is practical and achievable in schools across the nation.

USDA's estimate shows implementation of the new nutrition standards for school lunches and breakfasts will cost \$3.2 billion over the next five years. This is less than half of the proposed standards' originally estimated cost of \$6.8 billion. Current revenues, combined with the impact of other HHFKA provisions, will on the whole make sufficient resources available for schools to meet the new standards. Schools receiving the HealthierUS School Challenge awards report that they have been able to achieve similar standards without significant cost increases.

It is also critically important to recognize that there remains significant unmet funding need for schools to replace out-dated equipment and help schools meet our new, updated standards for school meals. These standards represent the first update to school meals in over 15 years, emphasizing fruits, vegetables and whole grains. Schools need modern, appropriate equipment to help them serve healthy meals. Only about 22 percent of the school districts who requested ARRA equipment grant funds received them. The FY 2013 request includes \$35 million for School Meals Equipment Grants, which is critical to providing support to help fund equipment purchases for school districts that did not receive Recovery Act funding.

Mr. Rogers: Has any study been done on how many schools are deficient in their ability to comply with the new regulations?

Response: USDA gave implementation and compliance issues a great deal of attention in developing the final rule, and made important adjustments to its proposed rule to ensure that these reforms are practical and achievable in schools across the nation. That said, there is no question that the school meal improvements in the final rule are significant and far-reaching and will take time to accomplish.

USDA will support and assist schools by working closely with State agencies, other Federal agencies, the National Food Service Management Institute, the National Agricultural Library, and others to educate school nutrition professionals about these new requirements. The Healthy, Hunger-Free Kids Act of 2010 provided \$50 million for States and USDA to help provide support and technical assistance for schools to come into compliance with the new standards. USDA plans to use some of this funding to build on its wide array of existing technical resources and tools that provide guidance in menu planning and recipes with updates and revisions to reflect the new requirements.

The significance of these changes is matched by their importance for the future health of our children. We know that higher standards are attainable for schools, with a rapidly increasing number of America's schools choosing to obtain the HealthierUS School Challenge designation. Schools have stepped up on their own. Now we are helping other schools support the development of a healthier generation of kids. Working together, USDA and its partners can provide the training and resources needed to assist schools in making these big changes.

Mr. Rogers: What happens to a school that is unable to purchase new equipment or train staff on new preparation techniques and thus unable to comply with these regulations?

Response: USDA is committed to making the new standards a reality in every participating school across the country, and many schools are already at or very near the new standards. For example, over 2,800 schools are currently participating in USDA's HealthierUS School Challenge, a voluntary certification program that recognizes schools that have gone above and beyond in terms of nutritional achievement. However, USDA fully recognizes that some schools will have an easier time meeting the standards than others, which is why significant resources were provided through the HHFKA to perform the kind of technical assistance, education and outreach that will be required for schools to come into compliance. In addition, the FY 2013 President's Budget

includes a request for \$35 million for school meals equipment grants that will, in part, assist schools in meeting the new nutritional guidelines. As has been our priority throughout the history of the Program, USDA's first response to schools that have difficulty in meeting the new standards will be to offer the help and training they need to provide the healthy meals we all want our children to be served.

ELECTRIC PROGRAM FUNDING

Mr. Rogers: The President's budget request proposes \$6.1 billion in loan authority for rural electric loans focusing on generation and transmission of renewable energy. The House instructed in the FY12 Ag Appropriations Committee Report that USDA keep loans directed toward the most cost-effective electricity source. USDA was also directed to provide a report on the baseload generation needs in rural America to the Committee by December 31, 2011. To date, that report has not been received.

Judging from the FY12 process, it is the preference of Congress to ensure that RUS make loans available for reliable, cost-effective power, rather than alternative energies that are less cost effective and only provide intermittent energy sources. Knowing this, why does this budget attempt to focus again so heavily on alternative energy?

Response: Electric utilities use an array of fuel sources to provide electric power. USDA supports the development of all electric generation resources. This diversity helps maintain a reliable and affordable electric supply by utilizing regional resources, which can help reduce costs, better manage demand, and keep electricity reliable. USDA's budget allows funding for further development of clean coal technologies and increased diversity in utility supply portfolios. We will work with the Committee to ensure that all reliable and affordable sources of power are available to rural consumers.

Mr. Rogers: In the FY12 House Agriculture Appropriations bill, USDA was asked for a report on baseload generation needs so Congress can assess the need for new construction and the potential costs of baseload generation. The report was due December 31, 2011. When will we receive it?

Response: The report that summarizes projected baseload generation needs of rural electric cooperatives is currently under review, and we expect to deliver it to Congress by June 30, 2012.

QUESTIONS SUBMITTED BY CONGRESSWOMAN EMERSON

EWP AND ECP FUNDING FOR DISASTER RECOVERY

Ms. Emerson: Mr. Secretary, It was a very difficult year for a significant part of the country with significant flooding. In my congressional district we saw historic flood levels along the Mississippi that had not been reached since the Great Flood of 1927. The ECP and EWP funds are very important for my constituents and levee and drainage districts, especially at this time. I appreciate the budget's commitment to make these funds available for those recovering from disasters. I had constituents contacting me recently asking when FY 12 funds were to be released. My state was eventually awarded \$35 million in EWP.

How are the state and local offices progressing on making sure those funds get to where they are needed to help in recovery efforts? Do we have any backlog in requests from states like mine that were hit hard by flooding?

Response: NRCS is making substantial progress in assisting with these recovery efforts. In Missouri, NRCS detailed 18 employees from across the state to assist in preparing "Disaster Survey Reports" and construction plans. These Disaster Survey Reports have been completed on approximately \$30 million worth of recovery projects. Agreements are now being developed with local contractors for implementing these projects and NRCS expects to obligate 85 percent of the funding in 2012.

Through EWP, project sponsors (State, local, and Tribal governments) may submit requests for EWP assistance to their State Conservationist within 60 days following a natural disaster. The State Conservationists will then determine applicability of the project to the purposes of EWP and prepare an initial cost estimate and Damage Survey Report for consideration and approval by NRCS leadership. NRCS typically maintains a backlog of requests from states in the event additional funding becomes available.

In addition to Missouri, requests for relief from flooding along the Mississippi River have been submitted by Iowa, Kansas, Louisiana, Mississippi, and Nebraska.

FSA has also made substantial progress in assisting recovery efforts. As of February 2012, there are no current state ECP requests left unfunded. FSA has allocated over \$102.5 million in carryover and newly appropriated funding for ECP to states based on projected needs in fiscal year 2012. This leaves about \$28 million in carryover funding available for the remainder of the fiscal year, most of which is limited to major disaster declaration counties.

FSA has allocated nearly \$16 million in carryover and newly appropriated funding for ECP to the state of Missouri and nearly \$3 million in applications have already been approved. FSA will continue to diligently review pending applications and approve qualified participants.

AGRICULTURE IN THE CLASSROOM PROGRAM

Ms. Emerson: Mr. Secretary, I have had past correspondence with NIFA concerning the Agriculture in the Classroom program (AITC). As you know, AITC has been a critical program to improve agricultural literacy among young people. This is more important now than it ever has due to the fact that young people today are often generations removed from direct involvement with agriculture.

I have concerns with reorganization within NIFA in regards to AITC. I am aware that the program has been moved to the Division of Youth and 4-H. I am concerned because it is important to distinguish that AITC and 4-H are distinctly different programs. I fear this might jeopardize critical

resources for AITC and compromise its intended purpose. I have heard from people in my home state who work closely with the AITC program. They are convinced that AITC would be better housed within the formal education unit of "Community and Education" with a USDA program staff focused and supported on the effort. Has the department explored pursuing this option?

Response: Although AITC and 4-H are administered within NIFA's Institute of Youth, Family, and Community (IYFC), the two programs are managed separately. With the NIFA reorganization, we envisioned that under one roof, these programs along with other youth-focused activities will continue to keep their identities, but also would be strengthened by and benefit from the synergy anticipated among staff serving similar purposes and audiences.

Further, we do not agree with the notion that AITC would be better served under the Division of Community and Education. The portfolio of the IYFC Division of Community and Education is primarily focused in higher education programs, whereas AITC is centered upon agricultural education in the formal K-12 classroom. AITC will continue its distinct programmatic focus on advancing agricultural literacy within K-12 schools, while 4-H builds citizenship and leadership skills through programs administered primarily through the nation's land-grant institutions.

QUESTIONS SUBMITTED BY CONGRESSMAN ADERHOLT

FARM LABOR REGULATION

Mr. Aderholt: I know you have seen the news reports about the Department of Labor's proposed regulation to limit the work kids under 16 can perform on the farm. What is your take on this and what opportunities have you had or will you have to weigh in on such a rule?

Response: I have discussed the Department of Labor's proposed regulation with Secretary Solis. It is not simply an issue of child safety, which we are all very interested in. It was about making sure that there was an understanding of the value system that is at stake, the fact that many values are transferred in the countryside through the work that is done on the farm. Youngsters learn the value of hard work, they learn the value of economic independence by virtue of that hard work, and that we want to make sure that whatever was done did not jeopardize that value system.

As a result of those conversations, the Department of Labor (DOL) made the decision to pull back the proposal as it related to the family farm section and to actually review the entire rule. We are engaged with DOL, and we will continue to be engaged with them as they formulate this rule.

BLUEPRINT FOR STRONGER SERVICE

Mr. Aderholt: Could you shed some more light on how your plan "Blueprint for a Stronger Workforce" provides the same level of service for farmers and other people in rural America while reducing staff numbers?

Response: The U.S. Department of Agriculture (USDA) must be built to meet the evolving needs of a 21st century agricultural economy. The USDA, like families and businesses across the country, cannot continue to operate like we did 50 years ago.

The Blueprint for Stronger Service is based on a Department-wide review of operations conducted as part of the Administration's Campaign to Cut Waste, launched by President Obama and Vice President Biden to make government work better and more efficiently for the American people. The agency took a hard look at all USDA operations, from headquarters to field offices. The end result is a plan that will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers.

The Blueprint includes many common sense actions such as consolidating more than 700 different cell phone contracts into about 10 and several very difficult decisions such as closing 131 Farm Service Agency (FSA) county offices across rural America. By proposing to consolidate 131 offices nationwide, FSA is striving to balance budget reductions, staff reductions, and increasing workloads while focusing the efforts of our staff on continuing to provide high quality service from the remaining 2,113 office locations. The agency's goal is to strengthen service, notwithstanding reduced budgets and fewer workers. And the Blueprint for Stronger Service helps to achieve FSA's goal.

Key to our ability to maintain service in rural America is the deployment of modern Information Technology (IT) systems. Two IT projects in particular are critical to our efforts to maintain service levels in rural America. First, it is critical that we maintain support for the FSA IT modernization known as MIDAS. Using the funding provided by this Committee in FY 2012, the first phase of MIDAS is expected to "go-live" during the first quarter of FY 2013. Phase 1 will support the Marketing Assistance Loans program and provide a framework for quickly adding support of other farm programs. Full funding for MIDAS in FY 2013 (\$99.8 million) is necessary to continue building out support for farm program delivery.

Secondly, the Acreage/Crop Reporting Streamlining Initiative (ACRSI) is a business process reengineering/IT modernization project which has already resulted in several process improvements. For example, FSA and the Risk Management Agency (RMA) have consolidated more than 70 acreage/crop reporting dates into just 15, significantly reducing the burden on producers to participate in farm programs and crop insurance. In addition, through ACRSI FSA and RMA are in the process of consolidating crop codes and other data necessary to allow data sharing between the agencies. The goal of ACRSI is to establish a common framework for producers to report eligibility and participation information for applicable USDA programs. This is accomplished by establishing common data standards for automated processes across USDA to simplify and reduce the need for producers to provide the same information at different times for different agencies while simultaneously reducing USDA administrative and operating costs by sharing similar data across participating agencies. We hope to launch an ACRSI pilot project during the Spring of 2012 which will allow producers to provide participation information electronically through a website or by downloading applicable information from their precision agriculture systems. Funding to develop and maintain the IT infrastructure required for ACRSI is being made available from the crop insurance mandatory account. The Federal Crop Insurance Act (FCIA) authorizes RMA to utilize funding received through administrative and catastrophic coverage fees collected from crop insurance participants to develop program related IT systems.

QUESTIONS SUBMITTED BY CONGRESSWOMAN LUMMIS

SNAP ELIGIBILITY

Ms. Lummis: What percentage of SNAP participants are eligible only through broad based categorical eligibility? Do you know what percentage of SNAP growth is a result of categorical eligibility?

Response: In FY 2010, when 39 States had implemented broad-based categorical eligibility, only 2.9 percent of SNAP participants lived in households that exceeded the Federal income limits. Less than one percent of total benefits were received by these households. An additional number of SNAP participants exceed the Federal asset limits; data to determine this number is not available.

While eligibility has expanded to some degree over the past decade, most notably through bipartisan Congressional action, the program maintains and enforces national standards for eligibility and benefits. The growth that we have seen in recent years reflects both the expansion of the population in need and our increasing success in reaching a higher proportion of those in need, Americans that are eligible for the program by virtue of their low incomes. Increased costs also reflect the fact that the poor not only grew in number, but got poorer, with the proportion of households receiving the maximum benefit level - because their income was particularly low - nearly doubling between 2001 and 2010, to 40 percent.

NUTRITION PROGRAM DUPLICATION

Ms. Lummis: The GAO report on duplicative programs recognizes 18 domestic food and nutrition assistance programs. What is the USDA doing to reduce overlapping programs? If the administrative costs of these programs account for a tenth to a quarter of the total cost, how can we save money by addressing inefficiencies?

Response: USDA shares an interest in preventing inefficiency and overlap in federal nutrition assistance programs, while at the same time ensuring that those who are eligible receive the assistance they need. But the array of programs that Congress has authorized forms a nutrition safety net to prevent hunger and poor nutrition.

In practice, relatively few households stack program on top of program: among those that participate in at least one of the four major programs (SNAP, WIC, NSLP, SBP), about 40 percent participate in only one and only six percent participate in all four. Nutrition assistance is one area where multiple programs reflect a diversity of need, not duplication of effort.

It's also worth noting that administrative expenses for the major nutrition assistance programs are quite low. Federal funding for administrative costs accounts for about nine percent of Federal spending for WIC, four percent for SNAP and less than three percent for school meals. Over 90 percent of these administrative funds are distributed to States for use in delivering benefits and services, rather than used to support Federal staff.

With both the program structure and administrative funding allocations primarily set in statute, fundamental change to nutrition assistance programs requires legislation to modify or eliminate the specific mandates for these programs. However, in order to maximize efficiencies within USDA's current authority, FNS promotes policy and operational changes that streamline the application and certification process; enforce rules that prevent simultaneous participation in programs with similar benefits or target audiences; and reviews and monitors program operations to minimize waste and error.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Ms. Lummis: Can programs such as the Commodity Supplemental Food Program be combine with other nutrition programs with the same target population? For example, WIC could serve the low-income women and children that CSFP is serving.

Response: The Commodity Supplemental Food Program (CSFP) serves low-income pregnant and breastfeeding women, other women up to one year postpartum, infants, children up to age six, and elderly persons at least 60 years of age. CSFP participants may participate in any other Federal domestic nutrition assistance program, if eligible, with the exception of the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC Program). However, CSFP and the WIC Program have slightly different eligibility criteria for women, infants, and children; therefore, individuals eligible for one program may not be eligible for the other. For example, CSFP serves children age five and women seven to twelve months postpartum, while the WIC Program does not (unless the woman is breastfeeding). It should also be remembered that the majority of CSFP participants are now elderly (currently, almost 97 percent of CSFP participants are elderly), so a substantial portion of CSFP participants would not be eligible for WIC. Transitioning the relatively few CSFP participants that would qualify for WIC would result in minimal savings in CSFP and would result in offsetting increases in WIC.

ECONOMIC DEVELOPMENT PROGRAM DUPLICATION

Ms. Lummis: Has the White House Rural Council discussed the GAO recommendations on fragmented economic development programs? Do you have plans to consolidate programs?

Response: The President is currently seeking authority to reorganize and consolidate Executive Branch agencies in order to streamline government to make it work better for the American people. To ensure that government reorganizations will result in a more efficient government, the President's proposal for the first time requires that any such proposal cut costs or reduce the number of government agencies. When the President requested this authority, he pointed out the sprawling authorities of the federal agencies that deal with commerce and trade, including the programs within RBSC. If and when the President is granted this streamlining authority, USDA looks forward to working with the Administration and Congress to ensure that commerce and trade programs are delivered in the most effective manner in rural communities.

AGRICULTURE STATISTICS

Ms. Lummis: Can you consolidate RMA and FSA agriculture statistics into one collection under FSA? How can the IT of USDA be made more compatible with crop insurance programs?

Response: While there is considerable overlap, not all farmers and ranchers participating in the Federal crop insurance program administered by the Risk Management Agency (RMA) also participate in the farm programs administered by the Farm Service Agency (FSA). Accordingly, it is unlikely that we will ever be able to completely consolidate data collection under one agency. However, we are reducing the burden on producers by eliminating duplicate data collections and improving data sharing, not only between FSA and RMA, but across all of USDA.

For example, RMA and FSA have been working on consolidating producers' information through the Comprehensive Information Management System (CIMS). CIMS was developed in accordance with section 10706 of the Farm Security and Rural Investment Act of 2002. CIMS provides electronic access to a central source of common information, i.e., producer name, address, acreage, share and

other key planting information. CIMS information has helped reduce costs associated with data collection, and identify data inconsistencies and reporting errors.

Further, in July 2010, the USDA announced the Acreage Crop Reporting Streamlining Initiative (ACRSI) - a joint initiative to create a common USDA framework for producers to report information to participate in certain USDA programs. FSA and RMA have been working with the National Agricultural Statistics Service (NASS) and the Natural Resources Conservation Service (NRCS) on the common reporting process. Through ACRSI, the agencies developed common land and producer definitions. FSA and RMA will implement common acreage reporting dates starting in July 2012. This consolidation will reduce the number of times producers must report their information. This spring we hope to launch a pilot program under ACRSI which will allow participating producers to report program information on-line and eventually directly from their precision agriculture systems.

These initiatives have helped standardize the use of data across the different organizations. CIMS information has been used by FSA to implement the Average Crop Revenue Election (ACRE) program. In the SURE program, RMA and FSA collaborated to share the insurance information necessary to compute the SURE payment.

Finally, it is important to note that information technology modernization is absolutely necessary to get the full benefit from the CIMS and ACRSI initiatives. FSA's Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project and RMA's Information Technology Modernization (ITM) projects are implementing the ACRSI recommendations for standardizing different data requirements that will assist producers in filing acreage reports with RMA and FSA. When fully implemented, these technology and system improvements will allow producers to provide relevant program information at their first contact with USDA, be that FSA, NRCS, or their crop insurance agent, and have that information shared seamlessly across USDA.

MUTUAL/SELF-HELP HOUSING GRANT PROGRAM

Ms. Lummis: Your FY 2012 budget provided a justification for eliminating the Mutual/Self-Help Housing Grants. Were there improvements made that would now justify its funding for FY 2013?

Response: The FY 2012 Budget did propose the elimination of the Mutual and Self Help (MSH) Housing grants in unison with a significant reduction in of the 502 Single Family Housing Direct (SFH-D) program. However, MSH grants were not eliminated in the 2012 Appropriations Act. The FY 2013 Budget reduces for MSH grants funding by \$20 million, leaving a total of \$10 million. The MSH grants continue to provide assistance for very low- and low-income households to construct their own homes. The funding for this program is directly correlated to the financing provided through the SFH-D program. In FY 2013, the funding for the SFH-D program will be targeted, in part, to mutual and self-help grant recipients.

AGRICULTURE AND FOOD RESEARCH INITIATIVE

Ms. Lummis: Are AFRI grants ignoring yield and herd health research in favor of food system research? How are these grant proposals prioritized?

Response: AFRI supports research, education, and extension work by awarding grants that respond to key problems of national, regional, and multi-state importance in sustaining agriculture. In FY 2010, no less than \$32.3 million was spent on research, education, and extension relevant to yield and herd health, or approximately 13 percent of awarded dollars. In contrast, AFRI supported food systems research at the level of \$4.8 million.

The agriculture and food sciences, which include the areas of yield and herd health, are represented by a balanced portfolio of fundamental and applied research. The AFRI Foundational program supports research on animal health and production. Those awards focus on improving animal nutrition and growth efficiency, reproduction, product quality, genetics/breeding, and herd health. New and continuing projects will investigate novel strategies to help maintain the competitiveness of U.S. animal agriculture.

AFRI supports integrated herd health awards by soliciting competitive proposals for multi-disciplinary, multi-institutional Coordinated Agricultural Projects (CAPs) for high impact diseases. AFRI resources are heavily leveraged with other Federal and non-Federal dollars.

COMMITTEE ON APPROPRIATIONS
 SUBCOMMITTEE
 AGRICULTURE, RURAL DEVELOPMENT, FOOD AND
 DRUG ADMINISTRATION AND RELATED AGENCIES
 HEARING ROOM 2101
 1000 CAPITOL BUILDING
 WASHINGTON, D.C. 20540-1200



TOM GRAVES
 9TH DISTRICT, GEORGIA

Congress of the United States
House of Representatives

March 31, 2011

WASHINGTON OFFICE
 1117 NEWBURN HOUSE OFFICE BUILDING
 WASHINGTON, DC 20515-1009
 (202) 225-5211
 FAX: (202) 225-5211
DISTRICT OFFICE
 1117 NEWBURN HOUSE OFFICE BUILDING
 WASHINGTON, DC 20515-1009
 (202) 225-5211
 FAX: (202) 225-5211
 1117 NEWBURN HOUSE OFFICE BUILDING
 WASHINGTON, DC 20515-1009
 (202) 225-5211
 FAX: (202) 225-5211
 http://tom.graves.house.gov

The Honorable Tom Vilsack
 Secretary of Agriculture
 United States Department of Agriculture
 1400 Independence Avenue, SW
 Washington, DC 20250

Dear Secretary Vilsack:

I am writing today to request that your department submit budgets to the Sub-Committee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies within the Committee on Appropriations that represent in detail how your agency would operate with a 25 percent reduction in funds, a 20 percent reduction in funds and a 10 percent reduction in funds.

As you know, as of this writing, we are months away from reaching our debt ceiling of \$14.29 trillion. The Congressional Budget Office (CBO) projects that the gross federal debt will increase every year of the 2011-2020 period, reaching \$23.1 trillion in 2020 and costing Americans over \$1 trillion in interest payments alone by 2020.

According to CBO, at the end of the fiscal year of 2008, the debt held by the public was \$5.8 trillion. Since then the public debt has shot to \$9 trillion by the end of fiscal year 2010. While the government experienced lower tax revenues due to the economic recession, the response by the Administration and Congress to jolt the economy with higher federal spending coupled with the past imbalance between spending and revenues has led to an unsustainable debt.

Our fiscal situation is unacceptable. The responsibility for our debt is shared jointly by Democrat and Republican Administrations and Congresses of the past and finding solutions must be a bipartisan endeavor. That is why I am writing to you today to ask that your agency work with Republicans to begin reigning in spending and start our nation on a fiscally responsible course.

Thank you in advance for your willingness to work with the Sub-Committee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies on this important issue.

Sincerely,

Tom Graves
 Member of Congress



MAY 3 2011

United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

The Honorable Tom Graves
Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
Committee on Appropriations
U.S. House of Representatives
2362-A Rayburn House Office Building
Washington, D.C. 20515-1009

Dear Congressman Graves:

Thank you for your letter of March 31, 2011, regarding the Department of Agriculture's (USDA) budget and the Nation's fiscal situation. I want to assure you that I share your concerns as we continue to make the tough choices to reduce the Federal deficit, reform our government, and win the future. I apologize for the delayed response.

I am responding to your request for information on how the Department would operate in the event of a 10-, 20-, or 25-percent reduction in funds. Any of these levels is likely to result in a reduced ability to meet the programmatic needs of our constituents, curtail needed information technology investments, and lead to reduced staffing. I am pleased to note that USDA did not wait to begin reducing our expenditures. Last year, USDA saved \$6 billion through the negotiation of a new agreement for crop insurance, \$4 billion of which will go to pay down the Federal deficit. Also, agencies across the Department have looked for ways to change the way they do business—from reducing the number of visits a farmer has to make to our offices to receive conservation services, to saving taxpayer dollars by operating our nutrition assistance programs at historic levels of accuracy.

With the Department's 2012 budget, we are proposing measures that reflect savings from a number of terminations and reductions of programs and efficiency improvements in order to streamline and reduce our administrative costs. The budget includes over \$2.6 billion in terminations and reductions, some of which are displayed in the Terminations, Reductions, and Savings volume of the 2012 President's Budget. With these measures, we have taken another critical step to properly manage the deficit reduction while preserving the benefits and services we have provided to Americans.

As we continue this very important work for America's people, I plan to spend every taxpayer dollar with as much care as if it were my own. I look forward to working with you on this issue in the coming months.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom Vilsack".

Thomas J. Vilsack
Secretary

QUESTIONS SUBMITTED BY CONGRESSMAN GRAVES

BUDGET REDUCTION SCENARIO REQUEST

Mr. Graves: Mr. Secretary, last March, I sent you a letter to inquire if your department would please submit alternative budgets to this Sub-Committee to show where you would make reductions if you were given budget scenarios with reductions of 25, 20, and 10 percent from your current funding levels.

Since I wrote that letter, our national debt has risen by more than a trillion dollars and is still climbing.

I received your response in May, stating that you shared my concerns and that you would make "tough choices to reduce the Federal deficit, reform our government, and win the future."

I was hoping for some specific figures in order to get perspective on where you think further reductions are possible and where you might be able to re-evaluate if everything your department seeks to do is vital. I know there are many important functions of the USDA. But it's time for everyone to take a genuine look, not just surface level shifts and number games.

However, you did not include these alternative budget scenarios I requested. Americans are paying over \$11 million dollars in salaries and expenses for the Office of the Chief Economist, Dr. Glauber's office alone. You have requested an additional \$831,000 for that office. Could you please have Dr. Glauber and his office compile some detailed, alternative budgets with these 25-, 20-, and 10% spending reduction scenarios?

Response: Reducing the deficit is a critical part of the President's economic plan. The long-term stability of the economy depends on whether we have the will to act now. Farmers and ranchers know the importance of a healthy economy, which raises incomes and increases demand for their products. Therefore, USDA's 2013 Budget reflects the President's Plan for Economic Growth and Deficit Reduction, which reduces the deficit by \$32 billion over ten years by eliminating direct farm payments, decreasing crop insurance subsidies, and better targeting conservation funding to high priority areas.

USDA's budget also reflects the tough choices we made after an in-depth evaluation of core programs. The budget proposes to reduce or terminate selected programs and reallocate resources to fund targeted investments in priority programs and infrastructure to provide a foundation for sustainable economic growth. For example, while the budget proposes increases for nutrition assistance programs to meet anticipated participation levels, marketing and regulatory programs are reduced by over 6 percent below 2012.

This past year, I led a Department-wide review of operations to make USDA work better and more efficiently for the American people. Agency leaders took a hard look at all their operations, both in headquarters and field offices. The result was our Blueprint for Stronger Service. The plan identifies administrative efficiencies, office closures and targeted staffing reductions, to help us deal with reductions in funding. This plan will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers. When fully implemented, these immediate actions will generate efficiencies valued at about \$150 million annually.

Since 2010, our operating budget has been cut by \$3 billion, or 12 percent. Any further reduction in funding for our back office operations would significantly impair our ability to deliver critical services and would imperil our efforts to manage an increasingly complex workload with less money and fewer workers.

The 2013 Budget will provide the resources we need to effectively deliver the level of service our customers and your constituents expect from USDA -- whether it is applying for a farm operating loan, enrolling more acres into conservation programs, supporting business creation, seeking nutrition assistance, or any of the multitude of services provided by our dedicated workforce.

Information about the Office of the Chief Economist is provided for the record.

[The information follows:]

The Office of the Chief Economist (OCE) advises the Secretary of Agriculture on the economic implications of policies and programs affecting the U.S. food and fiber system and rural areas. OCE supports USDA policy decision-making by analyzing the economic impact of proposals and coordinating responses among multiple USDA agencies. Requests for analyses come from the Secretary, other Administration Officials, and members of Congress. These requests may concern proposed changes in USDA programs, policies, and legislation.

OCE also coordinates, reviews, and approves all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department. OCE publishes the monthly *World Agricultural Supply and Demand Estimates* report, a principal Federal Economic Indicator, which provides U.S. farmers, policymakers, and traders with comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock. OCE coordinates USDA's annual Agricultural Outlook Forum, which first began in 1923. OCE also houses the Joint Agricultural Weather Facility, which provides early warnings and assessments of significant weather events affecting agriculture and produces the *Weekly Weather and Crop Bulletin*, an international summary of crop-related weather developments.

Major OCE activities encompass: policy and program analysis; regulatory reviews; information dissemination; agricultural market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; coordination of weather, climate and remote sensing activities; coordination of sustainable development activities; coordination of global climate change research and issues; support for the development of environmental services markets; energy policy analysis and coordination of energy research and issues; and analysis of issues and developments affecting agricultural labor.

If OCE's budget was reduced by the percentages outlined in your question, reductions from FY 2012 would amount to approximately \$1.1 million, \$2.2 million, and \$2.8 million, respectively. At any of these reduced levels, OCE would be unable to perform many of the key functions that farmers, the agriculture industry, the public, and members of Congress rely on.

More specifically, if OCE were to face any of these reductions, wholesale elimination of entire programs would be necessary, including involuntary staff reductions of around one quarter of all OCE staff under the deepest cut. It should also be noted that over the last two fiscal years, OCE has already absorbed a cumulative reduction in its annual appropriation of 14 percent.

EVALUATING VITAL ROLES OF USDA

Mr. Graves: Mr. Secretary, I fear for our ability to "win the future" if a 3 percent reduction of an already astronomical spending level, is the best we can achieve. I am certain we can find more options. I remain optimistic about winning the future, but we need leaders like you to really, truly want to fix the problem, and not just speak about them, and to also realize that we cannot spend our way into the future.

You stated in your letter that these hypothetical reductions in spending I requested would result in a reduced ability to meet the "programmatic needs of our constituents." Mr. Secretary, have you thought to examine if what the Department views as the "programmatic needs of constituents" are a vital role for the Federal Government to be playing?

Response: The establishment of the Department 150 years ago underscored the importance of agriculture and rural America to the country. Agriculture plays a fundamental role in our economy - responsible for 1 in 12 jobs. When American producers earn record income, as they did last year, everyone benefits through the creation of more jobs and higher wages, whether in food processing, packaging, or farm equipment manufacturing, the reduction of our dependence on foreign oil supplies, or the increased availability of more nutritious food.

At USDA we have been working to fulfill President Obama's vision for a nation where everyone gets a fair shot and an economy that makes, creates and innovates. We do this by laying a foundation for sustainable economic growth and job creation. USDA is at the forefront of developing the technology and tools necessary to transform rural America so that it can create and take advantage of new economic opportunities.

We have generated rural wealth with our conservation and rural development programs. These programs help create green jobs, improve recreation and tourism, and facilitate the production of renewable energy. We have maintained a strong agriculture safety net through a system of income support, disaster mitigation, and a record number of farm loans.

On February 10, 2012, I announced another record-breaking calendar year for farm exports. Total agricultural exports for calendar year 2011 were a robust \$136.3 billion. We saw a rise in both the value and volume of U.S. agricultural exports worldwide in 2011, as international sales rose \$20.5 billion over the previous record set in calendar year 2010. Agricultural exports have supported the creation of over a million jobs. USDA has expanded markets for American goods abroad by working aggressively to break down barriers to trade and provide U.S. businesses with the resources needed to reach consumers around the world. The ratification of the trade agreements with South Korea, Colombia and Panama will increase U.S. farm exports by an additional \$2.3 billion-supporting nearly 20,000 American jobs-by eliminating tariffs, removing barriers to trade and leveling the playing field for U.S. producers.

Agriculture has also led the development of our bio-based economy, where what we grow and raise is used to make fuel, chemicals and polymers to complement our traditional production of food, feed, and fiber. Resilient, hard-working rural residents provide a model for creating economically thriving communities, which underscores why the unemployment rate is dropping more quickly in rural America than anywhere else in the country.

The Department has programs to help people in need by ensuring that they have access to a plentiful supply of safe and nutritious food. This is fundamental to the healthy development of every child in America and to the well-being and productivity of every family. In recent years, the Supplemental Nutrition Assistance Program has helped millions of families meet basic nutritional needs. We have accomplished a critical step on the road to deliver healthier, more nutritious food to our Nation's schoolchildren and to help them develop healthy eating habits for life. We have seen the connection between what our kids eat and how well they perform in school. And we know that America's success in the 21st century is dependent on having the best-prepared and best-educated workforce in the world. So it is critical that that all children have the basic nutrition they need to learn, to grow, and to pursue their dreams.

These are just a few of the ways that USDA is helping to create jobs and work towards an economy built to last. But it's going to take more to keep moving forward, and that's the goal of President Obama.

I share the President's vision for investing in activities that promote economic growth, while reducing our deficits over the long-term. We need to cut what we can't afford in order to pay for what really matters, but in a way that does not hamper growth or prevent us from helping businesses and American families that need assistance. At USDA we recognized, like families and businesses across the country, that we could not continue to operate as we did in the past and that we must innovate, modernize, and be better stewards of the taxpayers' dollars.

Over the past decade, USDA has seen an increase in program complexity and demand for services while staffing has decreased. Therefore, for fiscal year 2012, I led a Department-wide review of operations to make USDA work better and more efficiently for the American people. Agency leaders took a hard look at all their operations, both in headquarters and field offices. The result was our Blueprint for Stronger Service. The plan identifies administrative efficiencies, office closures and targeted staffing reductions, to help us deal with reductions in funding. This plan will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers.

CROP INSURANCE SAVINGS APPLIED TO DEFICIT REDUCTION

Mr. Graves: You noted in your letter that that USDA was able to save \$6 billion through negotiations on new crop insurance and that \$4 billion of that went directly to deficit reduction. Could you please provide to my office and for the record, documentation that this \$4 billion transaction occurred, and that this money was indeed returned to the U.S. Treasury?

Response: The \$6 billion savings was scored based on a reduction in delivery expenses and underwriting gains paid to reinsured companies over a 10 year period. Negotiated limits were placed on the amounts paid out for these purposes, which is reducing the amount withdrawn from the Treasury beginning in FY 2012 through FY 2021.

BIOPREFERRED MARKETS PROGRAM AND FORESTRY INDUSTRY

Mr. Graves: I appreciate the position you are in and the decisions you have to make in order to reduce spending while still aiding the Agriculture industry.

It has been brought to my attention that the USDA's Office of the Chief Economist operates a program called the Biopreferred Markets Program, that is supposed to promote in the public market place and give procurement preference across the entire federal government to agriculture and forest "biobased" products, of which regular trees, both hardwoods and pine, would probably fall into this category.

Do trees fall into your definition of biobased products?

Response: Defined by the 2002 Farm Bill, biobased products are commercial or industrial products (other than food or feed) that are composed in whole, or in significant part, of biological products, renewable agricultural materials (including plant, animal, and marine materials), or forestry materials. The 2008 Farm Bill extended the definition of biobased products to include biobased intermediate ingredients or feedstocks. With respect to the BioPreferred program, wood products definitely fall under the definition of biobased products. Moreover, the BioPreferred program does not exclude forestry-based biobased products. According to conference report language from the 2002 Farm Bill, "the intent [of the Biopreferred Markets Program] is to stimulate the production of new biobased products and to

energize emerging markets for those products." Therefore, the program focuses on promoting new and emerging uses of biobased products, including forestry-based biobased products. Only biobased products that had a significant market share prior to 1972 are excluded from participation. In this regard the BioPreferred program works closely with USDA's Forest Products Research Lab in Madison, Wisconsin to ensure those forest-based products applying to participate in the BioPreferred program did not have a significant market share prior to 1972. Part of the lab's mission is to help devise innovative ways to use our forests to make new consumer products.

I note that the BioPreferred program is no longer operated by the Office of the Chief Economist, but by Departmental Management.

Mr. Graves: I have 3 mills in my district employing over 500 Georgians. How should I explain to them that the USDA doesn't support their products because they are somehow not biobased or green or renewable *enough* and that you are spending their tax dollars to encourage everyday consumers and federal procurement departments to not buy their products, but some other foreign or alternative "biobased" good?

Response: The BioPreferred program works closely with the Forest Products lab to identify, qualify, and include new forest product technologies in the BioPreferred program consistent with the stated Congressional intent for the program in the 2002 Farm Bill conference language, which is to promote new and emerging markets for biobased products. Also, a number of USDA programs actively promote the use of wood and forestry products. For example, USDA promotes domestic wood as the preferred construction material for sustainable buildings. USDA's 2011 Strategic Sustainability Performance Plan, developed under the requirements of Executive Order 13514, establishes a specific objective in this regard: USDA should

"Use domestically harvested wood products, ideally locally sourced and from National Forest System lands wherever practicable and feasible, as the preferred green building material for all USDA facilities and buildings.

This recently adopted policy is consistent with EO 13514 due to the environmental benefits of wood, including reduced energy consumption and reduction of greenhouse gases (GHGs). Life-cycle research studies show that fossil fuel consumption, potential contributions to GHG emissions and quantities of solid waste tend to be less for manufacturing and use of wood products than for competing products. Moreover, wood products that are installed and used appropriately tend to have lower environmental emissions and burdens than functionally equivalent products of other materials."

In addition, USDA's Forest Service actively promotes the use of woody biomass and has developed a national strategy to stimulate woody biomass utilization. Their woody biomass web page (<http://www.fs.fed.us/woodybiomass>) contains the strategy and other helpful information to increase the use of forestry products.

Mr. Graves: There is an impression held by some in the forestry and hardwoods industry that the USDA has kept most forest products out by essentially claiming that the hardwoods and forestry products don't need "promoting" because these businesses operate "mature markets."

It would seem to me that this creates a disadvantage for wood products in the marketplace, or in other terms that here again the federal government is picking winners and losers. Tree farmers in Georgia and throughout the Nation are finding it harder to find markets for the wood they grow, and this is one more barrier to them.

Dr. Glauber and Mr. Secretary, I want to express my concerns by the way that this Biopreferred Markets Program is being implemented. It seems that it was written or designed to promote many different agricultural products, but it's only guided toward the direction of certain materials, many of which may or may not have been grown or made in America. It's almost as if American trees and wood products are excluded from the program.

From what I've learned, this program - originally designed by Congress to promote agriculture and forestry biobased products - actually seems to be creating a disincentive in the market place for using traditional forest products, like trees grown by family foresters or private industry in Georgia and in my district.

For example, currently under this program, a bamboo plywood product which is not likely made or grown in the US - can obtain a "USDA Certified Biobased" label but a US grown and manufactured hardwood plywood product cannot. Is this correct?

Response: The legislative history of section 9002 suggests Congress intended to use this program to speed the development of new markets for biobased products, rather than to support mature markets for products. As described in the conference report accompanying the Farm Security and Rural Investment Act of 2002, the intent of section 9002 "is to stimulate the production of new biobased products and to energize emerging markets for those products." For this reason, USDA's regulation outlining the Federal procurement preference program, "Guidelines for Designating Biobased Products for Federal Procurement," excludes mature markets from the program. USDA used the same rationale for excluding mature market products from the voluntary labeling program.

Your concerns also relate to the use of imported vs. domestic products. Despite the stated intent of Congress that the BioPreferred program was to support domestic use of agricultural and forestry materials, the Office of the U.S. Trade Representative successfully argued that the program benefits would be extended to all countries with which the U.S. had most favored nation status. Their rationale relates to the trade agreements to which the U.S. is a party. Consistent with U.S. trade agreements to which USDA as a Federal government agency must adhere, biobased products that contain raw materials derived from imported plants (or other qualifying materials) are acceptable for the USDA voluntary labeling program. Imported products have to meet the same minimum content, verification standards, testing, and program requirements as U.S. products. Imported products must also meet any Federal labeling laws that may apply, including where required, country of origin. There is no blanket prohibition on the use of a USDA Certified Biobased Product label on U.S. grown and manufactured hardwood plywood products. However, these must be new products that did not have a significant market share prior to 1972. The USDA BioPreferred program works closely with the USDA Forest Products Laboratory to identify new uses for forest products.

Mr. Graves: Don't you think this will confuse consumers and leave them with the impression that the bamboo plywood is somehow better?

Response: The USDA Certified Biobased Product label only describes and certifies new carbon content and does not intend to describe whether one product line is "better" than another. For this reason, the only number on the label is the percent of the new carbon content (i.e., the biobased content).

Mr. Graves: Whether or not I agree that the federal government should facilitate product promotion programs, why would USDA give both producers and consumers the impression that they are American products are being marketed against, or led to believe they are inferior, simply because they cannot or do not receive this biobased classification? Trees seem pretty biobased to me.

Response: Trees are indeed biobased and, if U.S. trees are being used make products for new and emerging markets, they would qualify for certification and designation.

Mr. Graves: If you are operating this program, let's promote what we grow here in America and Georgia, not foreign goods that compete against what we produce.

Please give me some insight into this issue, if my perspective is accurate and some positive solutions on how we on this subcommittee can work with you to fix this problem, and if it's going to continue to operate, how we can include good American wood products.

Response: American wood products are included in the program, just like foreign wood products, if they are new and emerging markets as specified in the enabling legislation. Consistent with U.S. trade agreements to which USDA as a Federal government agency must adhere, biobased products that contain raw materials derived from imported plants (or other qualifying materials) are acceptable for the USDA voluntary labeling program. Imported products have to meet the same minimum content, verification standards, testing, and program requirements as U.S. products. Imported products must also meet any Federal labeling laws that may apply, including where required, country of origin.

BLUEPRINT FOR STRONGER SERVICE REALIZED SAVINGS

Mr. Graves: Mr. Secretary, this subcommittee wants to be supportive of your efforts to reduce, where possible, the number of USDA offices throughout the country, and to streamline the operation of the Department by taking advantage of opportunities to create efficiencies of scale within USDA.

Earlier this year, you announced your Blueprint for Stronger Service. There are a lot of details in this binder. There are seven tabs full of information ranging from staffing and workload trends to process improvements to administrative efficiencies.

Now you have said that that this Blueprint will save \$150 million annually. If I look through this entire document, and there is a lot to look through, I don't see any relevant documentation that shows the subcommittee how this is going to save \$150 million.

Can you enumerate for the Subcommittee today how this plan is going to save \$150 million annually? Give us the details.

Response: Under the Blueprint for Stronger Service, USDA is reducing expenditures for certain IT products, supplies, travel, printing, and other services. The Blueprint also calls upon USDA to strengthen its administrative services. Under this initiative, the Department identified 379 recommendations for improving USDA's office support and operations, which includes ways to streamline the provision of administrative services, such as civil rights, information technology, finance, human resources, homeland security, procurement, and property management. Twenty seven initial improvements have been identified for first-phase implementation of this project that will realize efficiencies through improved administrative services, such as leveraging USDA's size through strategic and volume purchases as is demonstrated by the consolidation of over 700 cell phone plans down to approximately 10.

To realize further efficiencies, USDA has proposed closure of 259 domestic offices, facilities and labs across the country, as well as 7 foreign offices while ensuring that the vital services they provide are not diminished. In some cases, the offices being closed are no longer staffed or are staffed by one or two people; many are within 20 miles of other USDA offices. In other cases, technology improvements, advanced service centers, and broadband service have reduced the need for brick and mortar facilities.

Last year, many agencies put hiring controls in place, followed by voluntary early retirement programs and targeted separation incentive programs. We have offered these programs on a broader basis in fiscal year 2012. Over the last 15 months, nearly 7,000 people have elected to take advantage of regular and early retirement opportunities. These departures have provided agencies the flexibility to eliminate or restructure positions to be more relevant to customer needs. Many of the vacated positions will not be refilled, and many of those refilled will be at lower grades than before. We opted to manage change rather than implement reductions-in-force or furloughs, which would have disrupted services that matter to the public.

When fully implemented, these immediate actions along with other recommended changes will generate efficiencies valued at about \$150 million annually. Further improvements are expected based on the realignment of the workforce. Most important, these actions will ensure that USDA continues to provide an optimal level of service to the American people within available funding levels. Ultimately, the Blueprint for Stronger Service will allow us to manage change in a way that allows us to provide a high level of services despite reduced operating budgets.

The \$150 million is expected to be achieved through a combination of efforts, including reducing costs to supplies, travel, and printing, and through closing offices. Nearly \$58 million in annual savings is expected to be achieved after the office closures are complete. Agencies have saved approximately \$73 million in travel costs, over \$17 million in reduced supplies expenses, and over \$1 million in lower printing costs. In addition, over \$1 million is expected to be saved through the consolidation of cell phone contracts.

Mr. Graves: There is a graph in the Blueprint entitled USDA Administrative Efficiencies that shows travel going down by \$73 million from FY 2010 to FY 2011, and Supplies going down by \$17 million over the same time period.

For the record, please provide a table that shows these reductions by agency/office for each of those fiscal years, and what is your plan to sustain these reductions in fiscal year 2012 and into the future?

Response: Agencies have enumerated a variety of strategies by which they will sustain the identified reductions. To maintain lower travel costs, they are reducing attendance at conferences, increasing their use of video-conference technology, combining trips, and comparing airfares between major airports. To maintain lower supplies costs, agencies are centralizing supplies purchases, heightening oversight in regional offices, and simply maintaining already reduced levels.

[The information follows:]

**U.S. Department of Agriculture
Blueprint for Stronger Service
Estimated Annual Savings
(Dollars in Millions)**

<u>Agency</u>	<u>Supplies</u>	<u>Travel</u>
Agricultural Marketing Service	-\$0.7	-\$0.4
Agricultural Research Service.....	-2.7	-4.7
Animal and Plant Health Inspection Service.....	-11.3	-10.5
Departmental Administration.....	0.3	0.0
Economic Research Service.....	0.2	-0.1
Farm Service Agency.....	-5.7	-9.2
Food and Nutrition Service.....	-1.7	-1.3
Food Safety and Inspection Service.....	-0.3	4.4
Foreign Agricultural Service.....	7.5	0.5
Forest Service.....	4.1	-15.5
Gram Inspection, Packers and Stockyards Administration.....	0.1	-0.7
National Agricultural Statistics Service.....	-0.2	0.0
National Appeals Division.....	0.0	-0.1
National Institute of Food and Agriculture.....	0.0	0.3
Natural Resources Conservation Service.....	-0.8	-27.6
Office of Advocacy and Outreach.....	0.0	0.8
Office of Budget and Program Analysis.....	-0.1	0.0
Office of Civil Rights.....	0.1	-0.4
Office of Communications.....	0.0	0.0
Office of Homeland Security and Emergency Coordination.....	0.0	-0.2
Office of Inspector General.....	-0.5	-2.1
Office of the Chief Economist.....	-0.1	0.0
Office of the Chief Financial Officer.....	0.0	-0.7
Office of the Chief Information Officer.....	-1.9	-1.0
Office of the General Counsel.....	0.1	-0.2
Office of the Secretary.....	-0.2	-0.6
Risk Management Agency.....	0.0	-0.8
Rural Development.....	-3.6	-3.0
Total USDA.....	-17.5	-72.9

Notes: USDA purchases for supplies are primarily program related and are mostly food commodities. By law, USDA acquires agricultural commodities through price support programs, surplus removal, and direct purchase programs from the national market to stabilize and support agriculture prices and farm income. USDA also provides nutritious high quality commodities to assorted food aid programs and needy families. Since these purchases are statutorily required and unpredictable, these purchases have been removed from this report.

The Department implemented an aggressive effort to reduce travel in FY 2011, although several core elements of the Department's mission require employees to travel. To account for execution of core duties certain mission-essential activities are excluded from this base.

ADMINISTRATIVE EFFICIENCIES

Mr. Graves: The graph entitled USDA Administrative Efficiencies also shows a reduction in supply costs of \$17 million or 10.6 percent from FY 2010 to FY 2011. The OMB Object Class Analysis also shows a significant reduction in supply obligations for this period, but indicates that obligations for the supplies object class are expected to rise overall in FY 2012 and FY 2013.

What was the basis for the supply obligations shown in the Administrative Efficiencies table? Was a particular sub-object class used and if so, which sub-object class? Are these savings expected to continue in FY 2012? 2013?

Response: USDA purchases for supplies are primarily program related and mostly food commodities. By law, USDA acquires agricultural commodities through price support programs, surplus removal, and direct purchase programs from the national market to stabilize and support agriculture prices and farm income. USDA also provides nutritious high quality commodities to assorted food aid programs and needy families. Since these purchases are statutorily required and unpredictable, these purchases have been removed from this report. The reductions in the remaining supplies costs are from non-programmatic, administrative activities and are expected to be maintained in 2012 and 2013.

BUDGET OBJECT CLASS ANALYSIS

Mr. Graves: The Budget Object Class Analysis that appears with the supplemental materials to the budget request indicated that the FY 2010 actual obligations for the Department of Agriculture for travel and transport of persons was \$296 million and that FY 2011 obligations were \$271 million. Based on these figures, obligations related to travel decreased by just over 8 percent from FY 2010 to FY 2011. This varies significantly from the figures shown in the USDA Administrative Efficiencies table where FY 2010 actuals for travel were reported as \$372 million and FY 2011 actuals were reported as \$299 million, indicated a reduction of approximately 20 percent.

Can you explain this difference?

Response: As part of an effort to operate at reduced funding levels while continuing to provide efficient services, I have set an aggressive goal of reducing travel costs by 20 percent in between 2010 and 2011. Agencies were given targets by which to reduce their travel spending, and the agencies met those targets. The figures reported in the Administrative Efficiencies table include both travel and transportation of persons and travel and transportation of things. However, to support the execution of core duties, reduction targets excluded expenses related to agency mission-critical activities such as fire fighting.

LOAN GUARANTEE PROGRAMS

Mr. Graves: The Federal Government has faced a number of high-profile bankruptcies and defaults, such as Open Range Communications, Range Fuels, Solyndra and Beacon Power, in its loan guarantee programs. Open Range and Range Fuels received guarantees through USDA.

Despite these notable failures, USDA continues to make significant investments. On January 20, you announced \$25 million guaranteed loan to Fiberight, LLC to build a biorefinery plant in Blairstown, Iowa. On January 26, you announced a \$232.5 million loan guarantee to ZeaChem Boardman Biorefinery in Boardman, Oregon.

Since this Committee does not make decisions on the parameters of these loan programs, my questions are not going to focus on whether the Federal Government should utilize loan guarantees to support renewable energy and

telecommunications companies. Today, I am more concerned about how USDA is managing its programs and whether it is making good decisions with the authority it has.

What due diligence does USDA conduct on these programs? How has it been improved after these failures?

Response: USDA incorporates rigorous credit evaluation standards in program regulations to minimize the anticipated cost of the programs and reduce risk of default. Support for the biofuel industry has brought jobs to rural areas and assisted in the national economic recovery. USDA implemented a multi-stage review process in the Biorefinery Assistance Program in FY 2011, in accordance with provisions on the interim rule. This process includes national and field office personnel. The interim rule includes lessons learned from the initial loan guarantee for Range Fuels that was made under provisions of the 2008 Notice of Funding Availability (NOFA).

A team approach was created that allows for Rural Business - Cooperative Service (RBCS) State Office involvement in Section 9003, Biorefinery Assistance program and input from other agencies. The State Office Team consists of the Rural Business and Cooperative Program Director (credit specialist), Rural Business Energy Coordinator (state energy expertise), and State Engineer (typically a licensed Civil Engineer). The local presence assists with inspections, environmental reviews, and identifying impacts to the project. The State Office responsibility includes acting as lead underwriter on assigned projects and also has a delegation of authority for servicing. A National Office staff person, with renewable energy expertise, works with the team throughout the process. The National Office retains approval of the loan.

The underwriting process, includes, but is not limited to:

- Application Process:
 - Review completed by the multi-stage review team. (Determine completeness and eligibility)
 - Applications forwarded for review and comment to:
 - National Renewable Energy Laboratory (NREL) for technical review.
 - Agency Program Support Staff (PSS) for environmental review.
 - Office of the Chief Economist (OCE) for feasibility and business plan review.
- Evaluation Process:
 - Review completed by the multi-stage review team.
 - Credit quality review and underwriting
 - Evaluate strengths and weaknesses of the project. (Identify mitigation factors.)
 - Evaluate NREL, PSS, and OCE recommendations and mitigate risks.
 - The borrower is required to establish and maintain a debt service reserve account, which covers a portion of the principal and interest payments. (Only required in the Section 9003 program)
- Develop Recommendation of Loan action for Loan Committee.

Monitoring Process:

The agency will hold meetings with the lender and visit the project site to inspect collateral at least annually, or more often as needed. During construction, the lender will ensure that the Agency is provided monthly reports documenting the use of the project funding until construction is completed. The lender must obtain and forward to the Agency the financial statements required by the loan agreement or the Conditional Commitment. Both quarterly and annual financial statements are required from the borrower which will be analyzed and summarized by the lender for Agency reporting purposes.

The State RBCS staff reviews all reports and then forwards the information to the Agency's Risk Compliance Officer (RCO) designated for the RBCS Energy Division. This activity is assigned to an energy policy analyst within the RBCS's Energy Division.

The first loan guarantee, to Range Fuels, was made under criteria established in the NOFA published in November 2008. The interim rule that was published in 2011 made a number of significant improvements to the Biorefinery Assistance program which are presented below.

- Implementation of a multi-tier review process. Applications and their review now originate at the State Office by a team consisting of State and National loan officers. Applications are then concurrently reviewed by the National Renewable Energy Labs, US DOE, and USDA's Office of the Chief Economist. The last step in the review process is by the National Executive Loan Committee. This enhanced process allows us to identify any potential risks early on in the process.
- State office and National Office maintain frequent communication and consultation on each application.
- Agency staff have completed commercial credit and financial analysis training.
- An independent application scoring group has been formed to thoroughly review each application. This group was formed in response to the interim rule that was published in 2011. This group's sole function is its independent review as it was not part of the team analyzing the loan application.
- Debt service reserve. The Agency has implemented a requirement that lenders maintain a debt service reserve of between 6 and 12 months, depending on the specific project. This requirement represents an additional commitment on the lender's part.
- Higher credit rating. The Agency is requiring, in the vast majority of cases, an independent credit rating on the project. This should help reduce the risk associated with projects seeking a loan guarantee.
- Conditional commitments strengthened. As noted above, the Agency has incorporated outside reviewers who can identify any risks and those risk are mitigated in the Conditional Commitment. The Office of the General Counsel thoroughly reviews the lender's loan documents and the Agency's Conditional Commitments.
- Risk compliance officer. The Agency has set up enhanced monitoring of the loan guarantees it issues through the creation of a risk compliance officer who jobs it is to help to identify any potential problems in a timely fashion.

Mr. Graves: Since the Federal Government's return is not commensurate with the risk being assumed by taxpayers, how does USDA evaluate the risk of each project and the program?

Response: Projects are evaluated on a competitive basis, the primary criteria being the project's ability to succeed both technically and financially.

Technically, each biorefinery project is evaluated to determine the qualifications of the individuals, advanced biofuel equipment manufacturers, the operator's experience, and the technology process strengths and weaknesses. Agreements and permits, component warranties, site utility infrastructure, transportation systems, land use, licenses, and environmental factors are all examined.

A thorough analysis of the resource assessment, feedstock, technology, engineering, project development schedule, operations and maintenance is performed.

Financial analysis and stress tests are performed on the collateral, working capital, cash flow, and market prices. The goal of the financial analysis is to determine if projects can succeed in a competitive market.

The State RBCS staff reviews all reports and then forwards the information to the Agency's Risk Compliance Officer (RCO) designated for the RBCS Energy Division.

The RCO is responsible for monitoring portfolio risks using the reports provided by the Lender as well as other key industry information, which include analyzing industry reports and industry developments.

The RCO provides a periodic summary and conclusion of impacts to the RBCS Loan Committee.

Mr. Graves: Since these industries are rapidly developing and the market is evolving, meaning that they could be obsolete in a few years, how does USDA judge the risk of default?

Response: The advanced biofuel industry is rapidly developing and evolving, but it has not yet reached the point at which commercialization has been achieved. It is the goal of the Biorefinery Assistance Program to assist the development of the industry to commercialization. The ability of a technology to be replicated is one of the scoring criteria in the Biorefinery Assistance Program. USDA believes that there are multiple pathways, feedstocks and processes that regionally will have advantages in successfully producing advanced biofuels. Success of the projects funded under the Biorefinery Assistance Program is critical for the projects to be replicated.

In determining the risk of default, USDA evaluates the project's ability to succeed both technically and financially. With the assistance of PSS, OCE, and NREL we review environmental concerns, market conditions, and technical merit that affect the production, distribution and price of fuels and their relationship and impact on advanced biofuel production.

Mr. Graves: How does USDA ensure the programs are judged on their merit, including creditworthiness and risk assessment, and not on political factors?

Response: The Agency ensures projects are judged and selected based solely on their merit through completing a comprehensive review and risk assessment.

1. Each project undergoes an initial review to determine completeness and eligibility.
2. Projects determined complete and eligible are forwarded to the National Renewable Energy Laboratory (NREL) for technical review, Program Support Staff (PSS) for environmental review, and the USDA Office of the Chief Economist (OCE) for feasibility and business-level review.
3. Each application is independently scored based on criteria established in 7 CFR 4279 subpart C.
4. An Independent Score Review Team (made up of Agency personnel not assigned to the project) provides a second tier review to substantiate the score and ensure scoring consistency among projects.
5. A team of State Office and National Office staff performs the financial due diligence on the project and works directly with the lender to clarify or resolve outstanding matters.
6. Based on the score assigned to the project determines the priority in consideration for funding.

The National Office Renewable Energy Loan Committee makes the final decision on selecting and funding projects, based on information and results from the financial, technical, environmental, and feasibility analysis.

Mr. Graves: Are USDA's guaranteed loan programs the appropriate mechanism to encourage the development and deployment of new technologies when the market is sending other signals?

Response: Guaranteed loan programs are an appropriate approach for encouraging the development and deployment of new technologies. Guaranteed loan programs allow the Agency, lending community, and borrower/developer to participate in the project, leveraging their expertise and funding as well as sharing the risk. The Section 9003 Biorefinery Assistance Program is targeted at first-of-a-kind, commercial scale technologies. Accessing capital to fund a first-of-a-kind, commercial scale project is often one of the biggest hurdles for development and deployment of projects. By providing guarantees, the government helps to mitigate this challenge while sharing the risk, in partnership with lenders, equity investors, and project developers.

FEDERAL PAY INCREASES

Mr. Graves: Mr. Young, the Administration has proposed a 0.5 percent pay increase for federal employees beginning in January 2013. The costs associated with the proposal are reflected in USDA's budget request. However, some agencies and offices have to absorb their increases while others are asking for increased appropriations to cover them. This does not seem equitable.

What agencies and/or offices had to absorb the cost?

Response: The agencies that are offsetting the pay increase through increased efficiencies in program operations are: the Farm Service Agency; Risk Management Agency; Foreign Agricultural Service; Natural Resources Conservation Service; Rural Development; National Agricultural Statistics Service; National Institute of Food and Agriculture; Animal and Plant Health Inspection Service; Agricultural Marketing Service; Grain Inspection, Packers and Stockyards Administration; Food Safety and Inspection Service; and the Office of the Chief Information Officer (OCIO).

Mr. Graves: What agencies and/or offices are seeking additional appropriations to cover them?

Response: The agencies that are seeking additional appropriations for the pay increase are: the Agricultural Research Service; Economic Research Service; Food and Nutrition Service; and all Departmental staff offices with the exception of the OCIO.

Mr. Graves: Why the inequity? Does USDA have a policy on this?

Response: Decisions on agency-by-agency funding for the proposed pay increase were made by policy officials in the broader context of program and other administrative funding needs within the overall USDA budget.

QUESTIONS SUBMITTED BY CONGRESSWOMAN DELAURO

DISCRIMINATION SETTLEMENT FOR WOMEN AND HISPANIC FARMERS

Ms. DeLauro: In late January, Secretary Vilsack, the agency announced an "updated and improved process" to settle the discrimination claims of women and Hispanic farmers.

This is an issue of fairness: all farmers should have equal access to the help they need, regardless of gender or ethnicity. I know we agree on this fact.

And while I applaud the move to resolve these claims and am happy to see some of the improvements, I still have some concerns. This was a step forward but it should not be the final step. Women and Hispanic farmers who have suffered from discrimination deserve a fair and equal process now.

Can you clarify how this process will work - how will the outreach be performed? How will you ensure that individuals who have suffered from discrimination by the agency in the past will be notified that this process is underway?

Response: USDA has engaged in outreach activities to inform potential claimants about the claims process, including numerous meetings and webinars with farmers and community organizations. In addition, USDA announced the claims process (including recent changes) through press releases and media interviews; and created a dedicated website with informational documents about the process such as a Fact Sheet and Summary Notice. USDA currently operates a toll-free call center to register individuals interested in participating in the process, allowing them to request a Claims Package. USDA plans to continue to notify women and Hispanic farmers about the claims process requirements and the date on which the claims period will commence. Ongoing outreach to potential claimants will be conducted in a number of ways. USDA will use media to contact as many women and Hispanic farmers as possible about the claims process, including social media, press releases, websites, and posters, as well as holding additional webinars summarizing the program to stakeholders. USDA also plans to mail postcards directly to over 500,000 women and Hispanic farmers listed in USDA customer information systems about the claims process, plans to continue to hold meetings with farmers to notify them about the program, and plans to work with third-party organizations to email potential claimants. Finally USDA plans to enter into cooperative agreements with third-party organizations to notify potential claimants about the claims process and to conduct webinars and meetings with farmers to discuss the process.

Ms. DeLauro: Can you walk me through the claims process? And let's assume, as the proposal seems to, that I do not need a lawyer to successfully complete any portion of the proposal.

Response: The Department shares your goal of a fair and transparent claims process. The claims process is described in greater detail in the attached Framework which provides in-depth information about process operations, requirements for successful claims, and relief for prevailing claimants. Each claimant will receive an impartial adjudication of his or her claim, and we do not require claimants to hire an attorney to participate in the claims process. Additional details are provided for the record.

[The information follows:]

Briefly the claims process works as follows: individuals will need to submit a complete Claims Package to participate in the process. An individual can register to get a Claims Package at www.farmerclaims.gov or by calling the toll-free number, 1-888-508-4429. After the contract for the neutral Administrator/Adjudicator is awarded, everyone who registers will be mailed a

Claims Package. The deadline to file a completed Claims Package will be 180 days from start date of the Claims Period.

Once Claims Packages are distributed, the Claims Administrator will be available to answer questions that individuals may have about the claims process. After a claimant completes and submits the Claims Package, the Claims Administrator will process it and, if it is timely and complete, will send it to the Claims Adjudicator for a decision. The Claim Administrator will notify claimants if their Claims Package was not timely or complete.

Claimants will submit their Claims Package under one of the Tiers as explained below:

Tier 1(a)

- Prevailing claimants will receive a cash award of up to \$50,000, plus tax relief, and debt relief on eligible farm loans.
- The substantial-evidence standard applies.
- Total amounts paid under Tier 1(a) are subject to a \$1.13 billion cap. This cap may be adjusted up to \$1.33 billion if the full amount of funds available for other tiers are not paid and awards may be reduced on a pro-rata basis from \$50,000 depending on the number of successful claimants.

Tier 1(b)

- Prevailing claimants will receive a cash award of up to \$250,000 for proven actual damages, plus debt relief on eligible farm loans. No tax relief is available.
- Documentary evidence admissible under the Federal Rules of Evidence is required, and the preponderance-of-the-evidence standard applies.
- Total payments under Tier 1(b) are subject to a \$100 million cap, and awards may be reduced on a pro-rata basis depending on the number of successful claimants and the total dollar amounts of their actual damages.

Tier 2

- Prevailing claimants will receive a \$50,000 cash award, plus tax relief, and debt relief on eligible farm loans.
- Certain documentation is required, and the substantial-evidence standard applies.
- There is no limit to the number of claimants under Tier 2 and there is no cap on the total dollar amounts paid to prevailing claimants under Tier 2.
- Claimants who fail to prove their Tier 2 claims will automatically be reviewed under Tier 1(a).

If the Administrator determines that a Claims Package is timely but incomplete, the Administrator will notify the claimant or, if represented, his or her counsel, as to what is missing. If the Administrator determines that a timely Claims Package filed by a claimant who applies for a Tier 2 payment is incomplete under Tier 2 but is complete under Tier 1(a), the Administrator will accept the Claims Package for consideration under Tier 1(a), and will inform the claimant of the change in tier. Unsuccessful Tier 1(b) claims will not be considered under any other Tier.

Community organizations or attorneys may assist claimants in filing a claim. USDA is not permitted to complete the Claims Package for claimants or to provide claimants with legal advice.

Ms. DeLauro: What supporting documentation will I need?

Response: The Department is committed to protecting taxpayer resources from fraud while providing a reasonably expeditious path for female and Hispanic farmers and ranchers with claims of past lending discrimination. The documentation required by the claims process depends on the claimant's election of Tier 1(a), Tier 1(b), or Tier 2. All claimants will need to provide proof of identity. For Tier 1(a), Tier 1(b), and Tier 2, the Claims Form will ask a few questions about their eligibility for our program.

Tier 1(a)

For Tier 1(a) claims that do not allege constructive application, no other specific documentation other than a completed claim form is required for persons who actually applied for USDA farm credit. All Tier 1(a) claims will be evaluated under the substantial evidence standard.

Tier 1(a) Constructive Application

A claim is based on an allegation of "constructive application" when the claimant never applied for farm loans, but was discouraged or prevented from applying by the actions of USDA personnel. Claimants seeking relief under the constructive application provisions will be required to submit, at a minimum:

- A sworn, verified, or notarized written witness statement from someone who witnessed the alleged incident; or
- A written complaint of that incident filed with USDA, either individually or through a representative, within one (1) year of the alleged discriminatory action; or
- A letter or other document from a non-family member to a claimant, or from a claimant to a non-family member, that was written and dated within one (1) year of the alleged discriminatory action, and that supports that the claimant made a bona fide effort to apply for a farm loan or loan servicing; that he or she had a farm business plan which included specific crops, equipment, and the general location of the acreage; and that the USDA official actively discouraged the application in the manner alleged by the claimant.

Tier 1(b)

For Tier 1(b) claims, documentation admissible under the Federal Rules of Evidence is required to prove each element under Tier 1(b) listed in the Framework. For Tier 1(b), each element must also be established by preponderance of the evidence.

Tier 2

For Tier 2 claims, specific documentation is required. All Tier 2 claims will be evaluated under the substantial evidence standard. In addition to proving each element under Tier 2, the claimant must provide either a copy of the loan application and supporting documents, or documents from USDA acknowledging we received the application. The claimant must also provide a copy of a timely written complaint to USDA or a U.S. Government official or of a document from USDA or the relevant U.S. Government agency acknowledging that we or the other agency received the complaint.

NUTRITIONAL ASSISTANCE PROGRAM IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Ms. DeLauro: Secretary Vilsack, as I understand it the USDA manages the annual grant for a Nutritional Assistance Program (NAP) in the Commonwealth of the Northern Mariana Islands. And that you have been very helpful in trying to ensure that this program can meet the needs of the people of the

Commonwealth - that is great and I am sure that folks appreciate your hard work on the issue.

However, I believe that last year the Commonwealth had to reduce NAP benefits by 28 percent due to an increase in the number of eligible program applicants. This is because the NAP is a capped block grant and the Memorandum of Understanding requires either cuts in benefits or denial of eligibility, if economic conditions make more households eligible for assistance.

I am a bit confused by the agency's FY2013 request for the NAP block grant - it appears to be roughly \$1 million less than the block grant needed last year. Why is this decrease recommended?

Response: The amount requested for the Nutrition Assistance Program (NAP) block grant for the Commonwealth of the Northern Mariana Islands (CNMI) is normally determined by inflating the previous year's grant amount by the annual change in the Thrifty Food Plan, which is the same method required by Section 19(a)(2)(A)(ii) of the Food and Nutrition Act of 2008 for determining the amount of the block grants for Puerto Rico and American Samoa. The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily increased the block grants for Puerto Rico and American Samoa, and the Department was able to reprogram SNAP funds in 2009 and request additional funds in subsequent years to provide CNMI with a comparable increase in its NAP block grant. This temporary funding increase is currently scheduled to phase out for all of the States and territories in October 2013.

For FY 2012, USDA was able to make a one-time \$1 million adjustment above the increased amount referred to above to help CNMI service an unanticipated peak in demand for program services. The funding was provided to relieve a backlog of applications in FY 2012 and was not expected to be maintained in subsequent years.

Ms. DeLauro: You and I are both strong supporters of the Supplemental Nutrition Assistance Program (SNAP) which is able to respond greater need in times of economic difficulty because it is not a block grant.

What would it take to transition from the current NAP block grant to a better, more responsive hybrid or the traditional SNAP? Should we start exploring those options and, if so, how can we begin to move in that direction?

Response: USDA staff has been gathering information to inform a potential plan to replace the CNMI block grant with the Supplemental Nutrition Assistance Program (SNAP). USDA has identified operational challenges CNMI would face, including the need to:

- comply with all policies and procedures included in SNAP statute and regulations;
- improve its current eligibility system to support an electronic benefit transfer (EBT) system; and
- increase staff, revise its forms and notices, and implement a quality control (QC) system.

The current CNMI program allows for flexibility to help meet the unique needs of this population. In lieu of EBT benefits, CNMI issues separate vouchers for locally produced food (including livestock) and for general food purchases. Converting to SNAP would require the implementation of an EBT platform and would require a fundamental change in the types of benefits issued. In addition, transition to SNAP would entail costs for USDA and CNMI in the form of benefits and administrative costs for USDA to cover, as well as additional administrative costs that CNMI must pay (under the block grant the administrative funding is 100 percent Federal, while under SNAP CNMI would have to fund 50 percent of its administrative expenses). Therefore,

additional information is required before USDA could make a commitment to a transition.

Ms. DeLauro: When will the agency and Commonwealth re-negotiate the Memorandum of Understanding and is that an opportunity to build more responsiveness into the current block grant program while other opportunities are explored? What would some examples of that include?

Response: CNMI provides NAP benefits under a block grant administered through a Memorandum of Understanding (MOU) that, along with an annual budget, is negotiated annually. The FY 2013 MOU is still under negotiation.

The agency that administers NAP, CNMI's Department of Community and Cultural Affairs (DCCA), uses the flexibility offered by the block grant to customize the program to meet the unique needs of the people of CNMI. Each year DCCA and FNS negotiate the MOU, which includes sections governing eligibility criteria, program operations, and the responsibilities of both DCCA and FNS. As per the MOU, amendments may be suggested at any time by either party, and require the approval of both parties prior to implementation.

QUESTIONS SUBMITTED BY CONGRESSMAN BISHOP

CONSERVATION RESERVE PROGRAM

Mr. Bishop: Your Department's latest report (World Agricultural Supply and Demand Estimates, February/2012) forecasts that at the end of this corn crop year, there will be little over three weeks of corn usage in inventory. This is a precariously-small stockpile of corn to have in the nation's cupboard, especially if there are not good and abundant spring rains in Midwestern United States. It is projected by some private analysts that planted corn acreage could reach over 94 million acres, perhaps even 95 million acres, up from the 92 million acres last year. Some of this increased corn acreage will likely come at the expense of soybeans, also a critical crop for domestic livestock and poultry and for export. Also, corn yields per acre have stagnated, if not in fact declined, in recent years, albeit weather has had a significant impact.

Has the Department developed contingency plans if there is a continued shortfall in the corn harvest this fall? Are there non-environmentally sensitive acres in the Conservation Reserve Program that could be made available for crop production? What reassurance can you provide that corn supplies, corn inventories, and corn prices will return to more normal, more acceptable levels in the coming years?

Response: The information is provided for the record.

[The information follows:]

As producers respond to strong market signals, forecasters are projecting an increase in U.S. corn plantings in 2012, with most planted acreage projections in the range of 93-95 million acres. Soybean acreage is expected to hold steady and wheat area is expected to be up. The combined area of corn, wheat, and soybeans is forecast at a record high in 2012.

Under the assumptions of normal weather and a return to trend yields, this corn acreage increase would result in a very large year-to-year gain in supply. As evidenced by events of 2011, however, there is always the risk that poor weather could result in planting problems and/or below trend yields. If such a situation occurs in 2012, we would have another year of tight supplies and continued high prices.

Absent the supply control policies that ended in the mid-1990s, and the lack of government stocks, the Department has no simple levers to offset the impact of adverse weather effects. The Conservation Reserve Program (CRP) is primarily a conservation program that protects our resources and offers no easy solutions to alleviate crop shortages, with relatively little enrolled land well suited for corn. Instead, we will continue to rely on the market to signal needed adjustments to keep the market balanced.

CRP targets only the most environmentally sensitive lands, providing wildlife habitat as well as soil, water, and air quality benefits. All lands meet statutory eligibility criteria. Contracts on 6.5 million acres expire this year, and some of this land may exit the program. Enrollment is driven by economic considerations, including producer expectations about commodity prices and rental rates, as well as the environmental benefits associated with the land offered for the program.

High prices are prompting producers to increase corn area and production. For example, the crop insurance election price for 2012 corn will be about \$5.70 per bushel, reflecting the February average of harvest-time futures (Chicago Mercantile Exchange (CME) December 2012 contract). If normal weather occurs this summer, the actual harvest time price is likely to be much lower. The market is, however, retaining a risk premium that will likely

remain, not just through planting, but until mid-summer, when pollination is largely complete.

These high market prices also temper end user demand and encourage substitution of alternative grains and products. In contrast to recent years, one factor in 2012 is weaker demand for corn by the ethanol sector. Domestically, ethanol expansion is slowing, as the gasoline market nears saturation at the 10-percent blend level in light of declining gasoline consumption. In addition, ethanol exports are expected to decline, further dampening the use of corn for ethanol. Exports jumped to a record high in 2011, equal to nearly 9 percent of production, as a shortfall in Brazil triggered large purchases of U.S. ethanol. Exports are projected to fall in 2012.

SCHOOL LUNCH PROGRAM

Mr. Bishop: USDA will be proposing a new rule on competitive foods in schools. Fundraising is of particular importance to school systems in light of our tightening state budgets. Do you have good information on the value of food fundraisers to the schools and how your proposed rule might affect school budgets?

Response: It is not anticipated that the proposed changes would have a significant effect on school budgets as a result of food fundraisers. Data from the most recent School Nutrition Dietary Assessment study shows that in SY 2004-05, fundraisers that sold sweet or salty snacks in school were relatively infrequent, with just 11 percent of schools holding such events one or more times per week. More than half of all schools, and 39 percent of high schools, allowed no fundraisers that sold sweet or salty snacks at all.

SUGAR SUPPORT

Mr. Bishop: Progress on the Farm Bill seems unlikely this year, but with continued rising commodity prices, what are your thoughts about the current U.S. Sugar Program? U.S. producers continue to pay double the world price for sugar. Do you believe that it's time to reform the program? Is it fair to both producers and users of sugar?

Response: As Congress approaches renewing the Farm Bill, it is appropriate to examine all commodity programs for what worked and what did not work, including the sugar program. At the time the 2008 Farm Bill was developed, the outlook was for U.S. sugar supplies to be in surplus with the full implementation of NAFTA on January 1, 2008. In response, 2008 Farm Bill changes to the sugar program focus on providing adequate support to growers through a higher loan rate and introduction of the Feedstock Flexibility Program. Instead of surplus, the domestic sugar market has tightened, due to factors outside the control of USDA, including a major refinery explosion, a poor sugar beet crop, transitional production issues in a new refinery, and a tight world market. Together, these factors have resulted in sugar prices considerably above support levels. Consequently, USDA has turned its focus to providing adequate domestic sugar supplies.

Unlike other commodities, sugar is managed by supply-control and, as a result, the sugar tariff-rate quota (TRQ) is regularly changed to meet domestic needs. In fact, USDA views the entry of high tier imports (sugar subject to a high tariff) into the domestic market as inconsistent with sugar program objectives. Because of inherent difficulties in handling the undersupply situation of recent years, we are examining existing authorities to change the way we manage TRQ imports so that the program will be more transparent, predictable, and balanced for all market participants.

U.S. sugar prices are substantially higher than world prices, but have never been double world price levels. The U.S. raw sugar nearby futures price on February 17, 2012, was 17 percent higher than the world raw sugar nearby futures price, after adjusting for transportation expenses. Some of this

difference could be reduced by increasing the TRQ, or by permitting USDA to increase the TRQ earlier in the year than is now permitted by the sugar program. Even so, some U.S. premium would likely remain because TRQ imports are limited to certain countries.

BIO-PREFERRED MARKETS

Mr. Bishop: In Georgia, the forestry sector ranks No. 2 to food products in total wages & salaries, and No. 3 in total employment in the state. While we have a lot of agricultural industries, we take pride in our strong forest products sector as well. Yet, we are seeing declines in the industry, as the housing market has hit a record slump and the international competition in paper products heats up. The USDA bio-preferred markets program, a Farm Bill program designed to help promote agriculture and forest "bio-based" products, has the potential to help promote these homegrown forest products and help support jobs in rural communities across the state, and yet the current program does not allow promotion of most forest products. Do you agree that USDA should be promoting forest products just like other bio-based products? Will you work with me and others to change the program so that forest products are included?

Response: USDA actively promotes forest products in a number of ways. With respect to the BioPreferred program, the legislative history of section 9002 of the Farm Bill suggests Congress intended to use this program to speed the development of new markets for biobased products, rather than to support mature markets for products. As described in the conference report accompanying the 2002 Farm Bill, the intent of section 9002 "is to stimulate the production of new biobased products and to energize emerging markets for those products." For this reason, USDA's regulation outlining the Federal procurement preference program, "Guidelines for Designating Biobased Products for Federal Procurement," excludes mature markets from the program. USDA used the same rationale for excluding mature market products from the voluntary labeling program.

There is, however, no blanket exclusion of forest products from the program. Indeed, the BioPreferred program works closely with USDA's Forest Products Research Laboratory to identify products that are "new and emerging" as set forth in the enabling legislation.

QUESTIONS SUBMITTED BY CONGRESSWOMAN KAPTUR

SINGLE FAMILY AND MULTI-FAMILY HOUSING PROGRAMS QUESTIONS

Ms. Kaptur: Please explain in detail why USDA is proposing to significantly reduce Direct Loans in favor of Loan Guarantees for the Single Family Housing Loan programs and Multi-Family Housing loan programs?

Response: USDA realizes that rural populations tend to be more economically challenged with lower incomes and fewer housing choices than their suburban and urban counterparts, and therefore we continue to offer a no-down payment homeownership program through both the Single Family Housing Guaranteed and Direct Programs. Providing credit in areas that lack private investment is a critical function of Rural Development (RD). To address the need for credit - particularly in the rural housing market - RD has dramatically increased the Single Family Housing Guaranteed (SFH-G) program in recent years, doubling the government's investment from \$12 billion in 2010 to \$24 billion in 2011. The SFH-G program currently operates at a neutral negative subsidy rate, which means that we do not need to request BA for the \$24 billion loan level we are requesting. The negative subsidy rate is a result of a combination of current interest rates, the estimated default rate of the program, and a fee structure that includes a modest annual and up-front fee. These fees offset the cost of the defaults without adding significant burden to borrowers; the fees may be financed over the term of the loan. The guaranteed program is available to borrowers in the low- to moderate- income category. This enables RD to focus the \$653 million program level for the Single Family Housing Direct program on very low-income applicants, teachers and beneficiaries of 523 Mutual Self-help grants to ensure they continue to have access to mortgage credit in rural areas.

The Multi-Family Housing (MFH) loan program provides financing for rental housing projects for low-income tenants. For the 2013 there is a commitment of \$34 million for preservation activities, which is expected to be leveraged in to a greater amount of assistance based on how it is disbursed between the various strategies approved under the pilot program. No funding was provided for 515 multi-family housing construction loans because the focus of the 2013 Budget for multifamily housing is portfolio management, which USDA has found to be achieved more efficiently through the revitalization strategies rather than 515 rehabilitation loans. In addition, the 2013 supports a legislative proposal to codify the pilot program authorities that have been in place since 2006. Permanent authorization will allow for formal regulations and better oversight of these funds in the future. Multifamily housing new construction will be achieved through the guaranteed loan program, which does not require budget authority due to a fee structure that more than offsets the estimated defaults in the program, making the program subsidy rate negative. The MFH Guaranteed requested loan level is \$150 million for 2013. This is an increase of \$20 million in program level above FY 2012.

Ms. Kaptur: Has USDA anticipated that there will be less participation in the programs by reducing Direct Loans because the government may be willing to take on more risky applicants than commercial banks?

Response: Due to the reduced amount of funding available in the direct loan programs, the number of loans and borrowers will decline. However, the Single Family Direct loan program anticipates that through regulatory action promoting additional support in loan packaging from non-profit organizations and targeted lending will ensure that the very low-income, creditworthy applicants receive assistance. In addition to the funding available in the SFH-D program, the 2013 Budget proposes \$24 billion in the Single Family Housing Guaranteed Program.

Ms. Kaptur: Will reducing the Direct Loan program level result in any cost savings for USDA? If yes, please describe in detail the potential savings and if the savings would result in any employee layoffs.

Response: In FY 2013, the Single Family Housing Direct program would reduce its budget authority from FY 2012 by about \$4 million in FY 2013. The cost-savings from the elimination of the Multi-Family direct loan program would equal \$22 million in budget authority from FY 2012. However, the 2013 Budget includes increases in program levels for corresponding guaranteed programs. In addition, savings generated from the elimination of budget authority for multi-family direct are offsetting by increases in preservation and rehabilitation activities. As for effects on staff, USDA is in the process of streamlining its field office structure, of which RD is a portion, but office closures in RD are reflective of the natural efficiencies that have been gained from new technologies, which make carrying out the mission of RD able to occur with fewer people and offices, not from changes in program funding. In addition, given that RD has just completed a comprehensive VERA and VSIP effort, no employee layoffs are expected as a result of the 2013 budget proposals.

COMMUNITY GARDENS QUESTIONS

Ms.Kaptur: As a result of redistricting, the Cleveland area was added into my Congressional District and I have discovered that community gardens are tremendously popular in the area. It is my understanding that in the past USDA has pooled money from numerous agencies to support the People's Garden Grant Program. Is USDA planning to do so again this year? If yes, how much funding does USDA anticipate dedicating to the program and where would the funding come from in the budget?

Response: USDA has provided grants to create community gardens in fiscal years 2010 and 2011 under different authorities. In fiscal year 2010, the Food and Nutrition Service (FNS) operated a \$1 million pilot program to promote garden-based learning opportunities in schools as authorized by the Richard B. Russell National School Lunch Act, and funded by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010. Schools in Washington, New York, Iowa and Arkansas who participated in the pilot came from urban, suburban, and rural communities and had at least 50 percent of their students qualified to receive free or reduced-price school meals. FNS did not receive an appropriation for this program for fiscal years 2011 or 2012. In fiscal year 2011, the National Institute of Food and Agriculture utilized its existing cooperative agreement authority to operate the Peoples Garden Grant Program with funding from various USDA agencies. The program was designed to invest in urban and rural areas identified as food deserts or food insecure areas, particularly those with persistent poverty. Grants totaling \$725,000 were made for projects in Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Maryland, Michigan and Ohio. At this time a decision on funding the Peoples Garden Grant Program has not been made for fiscal year 2012.

Ms. Kaptur: Are there any plans to expand on the People's Garden Initiative? If yes, please describe in detail what those plans may be and what impact they are expected to have.

Response: USDA is currently considering various ways to institutionalize and expand the scope of the initiative to provide assistance to vulnerable communities. As you know, a lack of access to fresh and healthy food fuels obesity and food insecurity, especially in low-income neighborhoods and communities of color – those in greatest need are also at greatest risk – in rural and urban areas alike. However, at this time no decisions have been made.

GREAT LAKES QUESTIONS

Ms. Kaptur: I represent the shoreline of one of the Great Lakes, Lake Erie. Water quality data shows that agriculture is one of the largest sources of pollution in Lake Erie. While USDA's budget mentions the department is

committed to improving the water quality of the Great Lakes it fails to provide much detail. Please provide for the record a detailed description of what USDA's role will be as it relates to improving the Great Lakes in FY 13.

Response: The 2013 President's Budget request for the Natural Resources Conservation Service (NRCS) proposes approximately \$100 million in discretionary and mandatory funding for technical and financial assistance to work with landowners in the Great Lakes Basin. Site-specific conservation practices would improve nutrient, soil and water management to protect water quality. Work in 2013 will build upon the conservation practices on private lands that are being implemented in 2012. In addition to NRCS resources, approximately \$23 million will be made available to the agency through an interagency agreement with the Environmental Protection Agency (EPA) for the Great Lakes Restoration Initiative (GLRI). These funds will be used to address non-point source pollution, terrestrial invasive species and wildlife habitat in target watersheds of the Great Lakes Basin. NRCS has been participating in GLRI since 2010.

Ms. Kaptur: Does the department plan to conduct any outreach activities, such as listening sessions, in an effort to help agricultural producers understand the consequences of poor practices on the Great Lakes?

Response: NRCS is currently working with multiple partners to update its outreach plan. This will be used to target and educate landowners, farm operators, and others on the use of conservation practices that enhance nutrient recovery by crops and that avoid, control, and trap nutrient losses before they make their way to the Great Lakes and other water bodies.

Ms. Kaptur: How is the department planning to coordinate with other federal departments and agencies in FY 13 to restore and improve the Great Lakes?

Response: USDA plans to continue its participation in the Great Lakes Interagency Task Force (IATF), guided by the Great Lakes Regional Collaboration Strategy to restore and improve the Great Lakes. The IATF includes 16 Cabinet and agency organizations, including: EPA, APHIS, Forest Service, NRCS, NOAA, U.S. Army Corps of Engineers, Agency for Toxic Substances and Disease Registry, U.S. Coast Guard, Bureau of Indian Affairs, Fish & Wildlife Service, Geological Service, National Park Service, Department of State, Department of Housing and Urban Development, Federal Highway Administration, Maritime Administration, and the White House Council on Environmental Quality.

Ms. Kaptur: Please provide a detailed description for the record of USDA activities in FY 12 related to improving the quality of the Great Lakes.

Response: USDA will continue to build on previous years' investments in the Great Lakes Region in fiscal year 2012. NRCS will receive over \$24 million through the Great Lakes Restoration Initiative interagency agreement with EPA; over \$14 million will go to support conservation activities in priority Great Lakes watersheds. The remaining \$10 million will be targeted to three watersheds, including the Upper Blanchard in Ohio, to reduce phosphorus losses to impaired areas of the Great Lakes. The funding will provide for increased implementation of conservation practices to improve water quality.

USDA also anticipates delivering over \$100 million of financial and technical assistance within the Great Lakes basin over and above what is funded through GLRI in FY 2012.

Additionally, USDA has charged a team of NRCS, Agricultural Research Service (ARS), and university scientists with developing recommendations on conservation practices for reducing phosphorus transport into Lake Erie. The department is committed to acting on those recommendations once they become available.

Ms. Kaptur: Are there any initiatives USDA is planning to undertake in FY 12 or 13 related to improving the health of the Great Lakes? If yes, please provide a detailed description for the record.

Response: USDA anticipates that general program and GLRI activities will continue in fiscal year 2013 at a level approximately equivalent to those in fiscal year 2012, including the \$10 million in financial and technical assistance that will be targeted for non-point source phosphorus reduction. That \$10 million is currently prioritized for reducing phosphorus in three watersheds (Upper Duck Creek and Upper East River in Wisconsin; Swartz and Kearsley Creeks in Michigan; and Upper Blanchard in Ohio). USDA is currently working with EPA and USGS to identify edge-of-field and in-stream monitoring sites within the same phosphorus reduction watersheds to measure progress and facilitate adaptive management.

Additionally, USDA has charged a team of NRCS, ARS, and university scientists with identifying and recommending conservation practices for reducing phosphorus transport into Lake Erie. The Department is committed to acting on those recommendations once they become available.

FARMERS' MARKETS

Ms. Kaptur: One of USDA's key performance measures for 2013 is to increase the amount of SNAP benefits redeemed at farmers' markets. Please describe for the record in detail how USDA is planning to accomplish this?

Response: It is a USDA priority to ensure that SNAP participants have access to the fresh and nutritious food available at farmers' markets. USDA looks for opportunities to embrace farmers' market participation, to leverage their ability to reach potentially eligible clients, and to perform nutrition education activities. And we have met with success. Over the last three fiscal years:

- o The number of direct marketing farmers and farmers' markets participating in SNAP has more than tripled. The number increased from 753 in FY 2008 to 2,445 in FY 2011.
- o Total SNAP redemptions for farmers' markets and direct marketing farmers have quadrupled from \$2,740,236 in FY 2008 to \$11,725,316 in FY 2011. This latter amount is 55 percent more than in FY 2010 (\$7,547,028).

USDA has streamlined the waiver process that farmers' markets must pursue to implement a scrip or bonus incentive demonstration project. The scrip project allows markets to redeem benefits for all vendors at the market using only one point-of-sale device to issue scrip, token, or receipts. Incentive projects provide matching "bonus" dollars for purchases made with SNAP benefits. The incentives, funded largely by private foundations, non-profit organizations and local governments, are structured to improve the purchasing power of low-income families at farmers' markets. The streamlined waiver process not only simplifies the process for farmers' markets, but reduces the SNAP State agency requirements as well.

The FY 2012 SNAP appropriation includes \$4 million to support the purchase of wireless electronic benefit transfer (EBT) equipment for farmers' markets. Under regular SNAP rules, EBT equipment is provided free of charge and the expense is shared by the SNAP State agency and FNS; however, farmers' markets often cannot take advantage of such equipment because it requires electricity and a phone line. This funding will alleviate a major barrier to

participation. This funding will also complement the Farmer's Market Promotion Program grants administered by USDA's Agricultural Marketing Service.

FARMERS' MARKETS QUESTIONS

Ms. Kaptur: Recent USDA reports show that the number of farmers' markets in the United States has tripled in the past 15 years and local food sales have grown to \$4.8 Billion. What plans does the USDA have to help support the growing number of farmers' markets in the U.S.?

Response: USDA is committed to supporting the success of farmers' markets. Department programs with resources totaling more than \$50 million directly support the establishment, continued viability, and use of farmers' markets, including AMS' Farmers' Market Promotion Program (FMPP), Specialty Crop Block Grants and Wholesale, Farmers, and Alternative Market Development Program, and the FNS Senior Farmers' Market Nutrition Program (SFMNP) and WIC Farmers' Market Nutrition Program (WIC FMNP). Rural Development has supported the development, upgrade and maintenance of farmers markets in rural communities through the Community Facilities and Rural Business Enterprise Development programs.

Farmers' markets are also supported by other USDA programs which encourage the development of local and regional food systems that better connect consumers with local farms and create new income opportunities for producers. Examples of this work are showcased in the "Know Your Farmer, Know Your Food Compass" report that will be submitted to Congress on February 28, 2012.

The Department is committed to ensuring that all consumers, no matter their income level, are able to access fresh products from farmers' markets. For example, approximately 12 percent of the funds granted through the FMPP in 2011 were for new Electronic Benefit Transfer (EBT) projects to support the redemption of Supplemental Nutrition Assistance Program (SNAP) benefits at farmers' markets. The number of farmers markets that accept SNAP benefits tripled between 2008 and 2011; by late 2011, over 2,500 markets accepted them. SNAP redemption at farmers markets grew by 400 percent over the same time period.

In 2012 and 2013, USDA's Food and Nutrition Service, assisted by the Agricultural Marketing Service, will launch studies and issue reports regarding SNAP participation in three major segments of the farmers market industry: the markets themselves, SNAP clients who shop at farmers markets, and non-profit organizations that support markets.

With the resources requested for 2013, USDA plans to capture and utilize the knowledge, experience, and lessons learned from funded projects and ongoing research to inform the direction of future research and market development projects. Such research and market development will help to facilitate the continued growth of viable local/regional food systems and facilitate increased access within communities to locally and regionally-grown fresh food. After 2012, funding for FMPP grants is subject to reauthorization in the next Farm Bill.

LOCAL FOODS QUESTIONS

Ms. Kaptur: What is in the FY 2013 budget request to support the growing trend of local food consumption?

Response: The FY 2013 budget request will be used to encourage outlets for local and regional products, through a variety of programs. For example, it includes Farmers Market Promotion Program, Federal State Marketing Improvement Program and Specialty Crop Block Grants. The budget request continues the Community Food Projects grants and calls for an increase in funding for the SARE program, including launching of the Federal-State

Matching Grant program to increase sustainable agriculture research, education and extension capacity at the state level. Although SARE-funded projects go well beyond local and regional agriculture, in 2011, the SARE program funded 28 projects looking at local food systems. Projects include successful models for local food distribution, safety and feasibility of mobile poultry slaughter units, and high-value greenhouse production, among many others. The 2013 budget request also includes Rural Development programs that have been used to develop strong local and regional food systems, including the Value Added Producer Grants program, the Business and Industry Loan Program, Rural Cooperative Development Grants and Rural Business Enterprise Grants.

USDA will also continue technical assistance to promote the development and expansion of local and regional food distribution. This will permit small and mid-size farmers to access and participate in commercial and institutional foodservice and retail markets that they otherwise could not access. For example, AMS plans to examine the feasibility and efficiencies that can be gained through incorporating food hub activities and services at existing wholesale market facilities. USDA plans to collaborate with wholesale produce market managers and relevant trade association leaders to identify efficient uses of existing infrastructure capacity that can provide new market outlets for local and regional growers seeking commercial-volume market opportunities. Wholesale suppliers and buyers will then be able to maximize value through targeted coordination and product differentiation.

Ms. Kaptur: Over the past several years, the department has worked to strengthen local and regional food systems and I commend the department for finally recognizing the important role local foods can and will play in the future of America agriculture. From my perspective, if the local foods movement is to continue to thrive local food sales will need to continue to increase. The 2008 Agricultural Resource Management Survey showed that local food sales are highest in urban areas. Does the USDA plan to devote any resources to help connect local foods producers to additional urban areas where sales are likely to be strong?

Response: USDA has a range of resources to help connect local foods producers to urban areas through programs that support the expansion of farmers' markets, food hubs, processing facilities, distribution networks, and community supported agriculture, as well as support for producers through our NRCS Seasonal High Tunnel program and our Beginning Farmer and Rancher Development Program, which trains farmers in both rural and urban areas. For example, 54 out of 55 U.S. States and Territories requested AMS funding for projects related to local and regional foods through the Specialty Crop Block Grant (SCBG) program in 2011. With support from the FMPP, SCBG, and Federal-State Marketing Improvement Program grants, as well as FNS technical support, we have seen a 53 percent increase in the number of farmers' markets since 2008, to 7,175 at the end of 2011. Over 1,200 markets operate through the winter nationwide, an increase of nearly 40 percent since 2010. Winter markets help reduce some of the volatility in farmers' seasonal incomes while improving year-round access to local foods.

Our Farm to School Team, a collaborative effort between FNS and AMS, is another example of our efforts to link local and regional producers with school food assistance programs. The team developed a report based on in-depth studies of twelve farm-to-school programs around the country and the agencies also collaborated on a guide for producers and school foodservice managers.

We have also supported stronger local and regional food networks through Rural Development's RBEG and Community Facilities loan and grant program. Although these grants and loans are restricted to rural areas, they have been used to purchase refrigerated trucks and develop local cold storage and processing facilities that facilitate marketing to urban areas.

Ms. Kaptur: USDA's FY 13 budget request calls for increasing funding for the Agriculture and Food Research Initiative (AFRI) to \$325 Million, an increase of \$60 Million. One of the target areas that the funding would be used for is nutrition and health, specifically developing and increasing the consumption of healthy foods. Given that local foods tend to be healthier than processed foods and vegetable, fruit, and nut farms accounted for 65 percent of local food sales, does the department have any plans to help support local food sales should Congress increase funding for the initiative?

Response: NIFA will support research, education, and extension through the AFRI program to advance science and better understand food systems. Food systems are a new approach to examining a very complex set of activities, a food chain, which includes animal and plant production systems, marketing, distribution, and consumer feedback for food production. This set of activities may be at a local, regional, national, or international level. A focus of the program will be to determine how these interrelated activities support farmers and ranchers to have greater opportunity to directly market or collaboratively market their products within a geographic region closer to their operations, thus returning more income directly to them. This work also will answer questions such as whether these types of regional food systems can provide greater access to high-quality, nutritious food in areas that have previously been unsupported by current marketing and distribution systems. Not only would these efforts lead to greater financial support of farmers and ranchers, but they would also provide food security to a greater population at local, regional, and national levels.

Ms. Kaptur: For FY 13, is USDA planning to conduct further research on the various aspects of the local foods movement? If yes, please provide a detailed description of any such plans.

Response: NIFA does not support research with a specific focus on the local foods movement. However, it does support relevant research, extension, and education, such as that focused on food systems. Food systems are a new approach to examining a very complex set of activities, a food chain, which includes animal and plant production systems, marketing, distribution, and consumer feedback for food production. This set of activities may be at a local, regional, national, or international level. The AFRI program supports this work. The AFRI program also supports work to enhance the prosperity of small and medium-sized farms, many of which produce food for local consumption. Another NIFA program, the Beginning Farmer and Rancher Development program, supports efforts to improve the success of beginning farmers and ranchers, whose operations may provide food for local markets.

KNOW YOUR FARMER KNOW YOUR FOOD INITIATIVE

Ms. Kaptur: It is my understanding that the USDA will be releasing a report related to the Know Your Farmer Know Your Food Initiative. When does USDA plan to have the report finalized and what will some of its contents include?

Response: USDA plans to submit the "Know Your Farmer, Know Your Food Compass" (KYF Compass) report to Congress on February 28, 2012. In addition, USDA will release the "KYF Compass" to the public on February 29, 2012. The KYF Compass is an online resource to showcase USDA's efforts and accomplishments related to local and regional food systems over the last three years. The KYF Compass consists of a U.S. map showing local and regional food projects funded by USDA, and an accompanying narrative containing resources, case studies, photos and video documenting the impacts of this work. The KYF Compass site and map will be regularly re-populated with data and case studies.

Contents of the KYF Compass demonstrate that:

- Local and regional food is a market opportunity for producers of all sizes and types;
- Investing in local food systems creates economic opportunities for producers and businesses by connecting them to enthusiastic local consumers; and
- Investing in local food systems creates opportunities for young and beginning producers. For every farm operator under the age of 35, the U.S. has six farm operators over 65. We must do more to recruit and retain new farmers and ranchers. Because of the capital required to start farming, many new producers begin by selling into local and regional markets. Some will want to stay there; others will use it as a jumping-off point to expand into national or export markets. USDA support for local and regional food systems is an important component of our efforts to develop a new generation of farmers and ranchers.

ENERGY QUESTIONS

Ms. Kaptur: Please provide for the record how many REAP grant/loan awards were made in urban areas in FY 12.

Response: The deadline for fiscal year 2012 applications is March 30. As of today there have been no fiscal year 2012 awards in urban areas for the REAP program. In fiscal year 2011, the program funded two projects for agriculture producers in urban areas.

Ms. Kaptur: Please provide for the record the most common type of project funded by the REAP program.

Response: The majority of the projects funded have utilized energy efficiency improvements and employed solar technology. Within the energy efficiency technology the program has funded more efficient grain handling systems, refrigeration systems, HVAC systems, and building envelope improvements.

Ms. Kaptur: How many applications go unfunded because of insufficient REAP funding? What is the requested dollar amount of those unfunded applications?

Response: In 2011 there were 1,723 unfunded applications, totaling \$112,399,379.50 in grant requests and \$52,929,781 in guaranteed loan requests. The deadline for fiscal year 2012 applications is March 30, 2012.

OFFICE OF ADVOCACY & OUTREACH (OAO) QUESTIONS

Ms. Kaptur: Please provide for the record a list of activities that the OAO has undertaken in FY 12.

Response: I will have the Office of Advocacy and Outreach provide a response to this question.

[The information follows:]

New and Beginning Farmers Outreach and Coordination: The OAO appropriations support the National Program Leader for Small Farms and Beginning Farmers and Ranchers. This position replaces the former Office of Small Farms Coordination and oversees both the inter-agency USDA Small and Beginning Farmer and Rancher Task Force and the Secretary's Advisory Committee on Beginning Farmers and Ranchers, and also coordinates internal and external strategy and communications across the Department.

Coordinated Outreach Information Project: OAO is working to complete a suite of outreach materials which will assist in communicating about the top issues which our stakeholders have consistently identified as barriers to access for USDA programs. The materials will include:

- Graphic and associated information sheets describing USDA programs and resources in a holistic "one-USDA" way from the perspective of users rather than the perspective of individual agencies. For example, all conservation programs will be discussed as one thematic area, even though the programs reside in multiple agencies;
- Basic information about taxes for farming (and related non-farming) businesses, an introduction to the different types of taxes, the importance of Schedule F, and where to go for more information;
- Basic information about credit, the lending process, constructive credit, predatory credit, agricultural credit, and where to go for more information;
- Basic information about land tenure-ship including leases, fractionated lands, and basic estate and probate vocabulary, and where to go for more information; and
- Basic information about Native American land tenure, and how the unique legal issues with trust lands affect access to USDA programs, and where to go for more information.

Cultural Transformation - Diversity, Inclusion, and Accessibility (CT-DIA): OAO continues to coordinate and report to the Secretary the Department's progress in responding to the Jackson Lewis Civil Rights Assessment. OAO has held onsite meetings with community based organizations (CBOs) as part of the process to create an implementation plan as a result of Jackson Lewis recommendations. OAO has also presented a briefing to Minority Advisory Committee on Jackson Lewis implementation process.

Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers (OASDFR) Program: Since, October 1, 2011, the OASDFR program has been particularly active. The major policy accomplishment for the program has been the publishing of the OAO Assistance Regulations (Interim Final Rule), which includes the OASDFR Programmatic Subpart. Also, the FY 12 grant competition closed in December 2011, yielding over 200 applications. OAO administered a review process, and final selections are imminent. The resulting awards will add \$19 million to the existing \$38,000,000 in obligated funding which supports projects essential to improving ownership and operation of farms and ranches and promoting equitable participation in available USDA programs. The total number of active grants is expected to surpass 100.

OASDFR projects provide critical assistance and training to African American, Hispanic, Native American, and immigrant socially disadvantaged farmer and rancher communities, and lead to increased ownership and operation of farms and ranches, and more equitable participation in available USDA programs. Participants received technical assistance and training in high-tunnel hoop house cultivation, cut-flowers and specialty crop production, and fish farming alternatives, among several other enterprise activities. Likewise, participants received critical property and business transition planning assistance, as well as legal assistance for the Pigford and keepseagle settlements. Specific assistance in applying to USDA programs at the Farm Service Agency, National Resources Conservation Service, Rural Development, Risk Management Agency, National Institute of Food and Agriculture, and Agricultural Marketing Service was also provided to participants.

Additionally, OAO improved financial reporting compliance for OASDFR grantees, which instituted the SF-425 consolidated Federal Financial Report. OAO worked directly with colleagues at the Department of Health and Human Services, Division of Payment Management, to convert grantees to the new reporting form and to do so electronically, fully utilizing the functionality

and controls of the web-based HHS Payment Management System. OAO is also addressing records management, and is implementing an electronic grants management system to efficiently manage documentation, communication, and metric tracking needs.

Strike Force: OAO serves as the lead office in coordinating the Secretary's Strike Force Initiative to focus on outreach assistance in persistent poverty rural counties.

Recognizing that 90 percent of all persistent poverty counties are in rural parts of the country, USDA has deployed a cross-agency "Strike Force" to better serve persistent poverty communities and socially disadvantaged farmers by coordinating activities among all agencies and leveraging expertise working with CBO's.

Using existing authorities and programs, cooperative agreements, grant agreements, and 2501 resources, USDA has and will continue to more strategically utilize community based partners to educate and implement service plans while establishing appropriate accountability mechanisms to help gauge results, measure efficacy of efforts, and adjust to improve success. The enhanced partnerships will increase effectiveness at the local level and the additional coordination at USDA among agencies will ensure that the department is a more comprehensive and inclusive service provider.

According to the Census Bureau's 2008 Small Area Income and Poverty Estimates (SAIPE), there exist an increasingly high number of counties that have poverty rates of 20 percent or more. Strike Force will target those persistent poverty counties to provide program services and support to areas that are underserved.

Strike Force has two facets: Farming and Community Development. OAO is committed to improve access to USDA programs and enhance the viability and profitability of small farms and ranches, beginning farmers and ranchers, and socially disadvantaged farmers and ranchers as well as promote and assist in the development and sustaining of rural communities.

The Strike Force Initiative is focused in the states of Arkansas, Colorado, Georgia, Mississippi, Nevada, and New Mexico. Additional states may be added to this list later in FY 2012.

Higher Education Institutions:

- Recruitment for degree programs in agriculture, food, natural science, and related disciplines during various recruitment events such as college fairs, middle and high school visits. Promoted the USDA/1890 National Scholars Program to encourage students to pursue degree programs in agriculture, food, natural science, and related disciplines and careers with the USDA.
- Outreach and assistance to local farmers, ranchers and community based organizations in cooperation with the Extension Service, and mainly the USDA agencies FSA, RD, NRCS, RMA, and FS to educate individuals and groups of the 1890 Programs and services, as well as to the benefits and programs of the 1890 institution and OAO Programs.
- Promote the USDA/1890 Scholars Program to High School and College students interested in agriculture and related sciences.

Farmworker Office Current Activities 2012: Currently the farmworker office is working on reviewing the 14204 grant applications. We will be setting up a farmworker committee that will consist of one representative from each agency within USDA. Each agency will be tasked with reviewing the submitted Agricultural Career and Employment applications to see if they match with any grant opportunities they may have. Our first meeting is scheduled

for March 15th.

The farmworker office is continuing to work with farmworker groups, to help them understand how to best access some of our programs.

Lastly, we are continuing to work with other Federal agencies i.e., Department of Education, Labor, HHS, and EPA, to coordinate with the farmworker groups on certain projects. For example, we are all working together to help them plan a Farmworker Women's issues conference in September.

Ms. Kaptur: Is the OAO planning on conducting outreach activities to encourage urban agricultural farmer and producers to utilize USDA programs? If no, please explain why.

Response: Yes, OAO is conducting outreach activities to encourage urban agricultural farmers and producers to utilize USDA programs. I will have OAO provide more detail on these activities.

[The information follows:]

OAO is assisting in the efforts on urban agriculture such as the projects listed below:

- URBAN -- Specialty Crop Block Grants - These grants are being used to expand urban access to specialty crops year-round. For example, in Toledo, Ohio, the Center for Innovative Food Technology secured SCBG funding to connect beginning specialty crop growers from urban minority communities to retail grocers and produce distributors. The Center is also expanding its freezing and processing capacity to preserve specialty crops for year-round sale.
- The Center for Innovative Food Technology is a non-profit organization and a regional leader in local food system development in northern Ohio. It received support through both the Specialty Crop Block Grant program (2010) and the Healthy Urban Food Enterprise Development center (2010). CIFT is connecting beginning, urban specialty crop growers with local marketing options with support from SCBG, developing relationships between the producers and local grocery stores and farmers markets.

In addition, OAO coordinates closely with the Deputy Secretary of Agriculture on the urban agriculture initiatives. Some examples include:

- 26th Annual Symposium on the Future of the City "Healthy Sustainable Food Systems: A Critical Element for the Urban Development Agenda in the Huntsville/Madison County Region".
- Plans are on the table to develop an urban and community forestry grant project for the small cities/communities that make up rural Macon County. Currently working with Seed Inc. (Tuscaloosa) and the Dubois Institute (Dothan AL) youth programs (urban green space and community gardens).

OAO is working with community based organizations, such as the Rural Coalition in Maryland, to encourage socially disadvantaged farmers and ranchers throughout the state to utilize USDA programs and services and identify ways to inform new and beginning farmers and ranchers about the various programs and services available to them. In addition, the OAO identifies community based organizations, such as Common Good City Farm of Washington, DC, that connects the rural community with the city community to establish a connection/collaboration between rural and urban farmers. Finally, the OAO arranges site visits by USDA agencies, to urban farms.

Plans are on the table to develop an urban and community forestry grant project for the small cities/communities in rural Macon County.

Ms. Kaptur: Has the OAO done any outreach in Ohio, particularly in my Congressional District?

Response: Yes, OAO does do outreach in Ohio. I will have OAO provide some specific examples.

[The information follows:]

Kentucky State University, being the closest 1890 Institution to the State of Ohio, has done some networking with organizational contacts and individuals in the southern and northeastern (Cleveland) areas of Ohio. OAO has sent information to CBOs, alumni of Kentucky State and High School Systems in the Cincinnati, Columbus and Dayton areas of Ohio. Kentucky State University shares information about OAO and USDA programs in Ohio.

Sustainable Agriculture Research and Education program - NIFA.

Supporting urban and peri-urban agriculture is a cornerstone of the SARE portfolio. A 2011 SARE grant to the Ohio State University supports research into food safety practices by farmer's market managers, producers and consumers to develop better ways to safely deliver food through direct marketing channels.

As direct marketing of produce and other goods from farmers to consumers has expanded in recent years, interest in preventing and controlling food safety in these direct marketing scenarios has also grown. OSU received SARE funding in 2011 to conduct research on the policies established by farmers markets to guide vendor food safety practices and provide consistent food safety criteria. The research will support farmer's market managers while addressing consumer and producer concerns. Expected outcomes include research-based knowledge of producer practices to inform food safety recommendations; increased preparedness of farmer's market managers in North Central Ohio; and greater confidence in consumer acceptance for approaches to food safety at direct marketing outlets.

SUPPORT FOR URBAN FARMERS & PROCESSORS QUESTIONS

Ms. Kaptur: Please provide for the record a list of activities USDA has undertaken in FY 12 and plans to undertake in FY 13 in order to support farmers and producers located in urban areas.

Response: USDA has a number of programs that support many aspects of urban agriculture. These programs provide producers financing and technical assistance to expand their operations, to improve their marketing opportunities through regional food hubs and farmers markets, and to develop innovative techniques unique to their needs.

These programs include:

USDA Agency	Programs
Agricultural Marketing Service	• Farmers Market Promotion Program grants • Specialty Crop Block Grants • Federal-State Marketing Improvement Program
Food and Nutrition Service Programs	• WIC and Senior Farmers' Market Nutrition Programs
National Institute of Food and Agriculture	• Community Food Projects • Beginning Farmer and Rancher Development Program • Sustainable Agriculture Research and Education Program • Small Business Innovation Research Program
Rural Development Programs	• Business and Industry Guaranteed Loans • Value-Added Producer Grants • Rural Energy for America Program
Natural Resources Conservation Service	• EQIP-Environmental Quality Incentives Program - High Tunnel practice
Forest Service	• Urban and Community Forestry Program

Additional details are provided for the record below.

[The information follows:]

AMS and FNS: USDA will continue to expand healthy, local food access in urban areas through Electronic Benefits Transfer (EBT) at farmers markets, which is facilitated by FNS and funded by AMS programs such as Farmers Market Promotion Program (FMPP) and Specialty Crop Block Grants (SCBG). FNS initiated a program for FY12 to fund EBT technology at the markets and also provides coupons for farmers market purchases through the WIC Farmers Market Nutrition Program and Senior Farmers Market Nutrition Program. AMS and FNS also collaborate on a Farm to School Team that supports the marketing of urban and rural agricultural products to local school districts. USDA will also continue to work to connect rural and urban farmers with retail outlets in underserved communities through programs such as AMS's Specialty Crop Block Grants and the Federal-State Marketing Improvement Program (FSMIP). One example of AMS efforts to connect farms and urban communities is a FSMIP matching grant awarded in 2011 to Massachusetts to explore ways to effectively move local food products from farms and wholesale markets to inner-city corner stores.

NIFA: We will continue to train beginning producers, including those in urban areas, through our Beginning Farmer and Rancher Development Program under NIFA. In the past, this program has funded training to expand economic opportunities related to urban agriculture in low-income communities. Research through several USDA channels, including NIFA's Small Business Innovation Research program, will continue to benefit urban communities. Among other outcomes, this research helps develop new ways to bring healthy, local farm products to urban retail outlets.

Supporting urban and peri-urban agriculture will continue to be a cornerstone of the SARE portfolio. Previous SARE projects include successful models for local food distribution and high-value greenhouse production, among many

others. Community Food Project grants under NIFA support efforts such as urban gardens.

Rural Development: In 2011, the Rural Energy for America Program expanded its eligibility requirements to include urban agricultural producers, and a Notice of Funds Availability for this program was published in the *Federal Register* in 2012. The Business and Industry Guaranteed Loan (B&I) program can be used in urban areas for projects that support local food and serve an area with limited access to affordably, healthy foods and have a high rate of hunger or food insecurity or a high poverty rate, and in particular when the project is proven to provide a benefit to rural areas. Finally, the Value Added Producer Grant program, which can be used to develop businesses which add value to agricultural commodities, is available for urban producer applicants.

NRCS: We plan to continue our successful Seasonal High Tunnel practice under the Environmental Quality Incentives Program. These high tunnels serve producers in both rural and urban areas and help them extend the growing and marketing season while conserving resources.

Forest Service: The Forest Service Urban and Community Forestry program utilizes vacant land in urban areas for productive orchards.

In addition to these programs, we have strengthened our overall coordination on local and regional food systems through USDA's Know Your Farmer, Know Your Food initiative. KYF2 is a USDA-wide management initiative to encourage collaboration across existing programs and agencies; to improve our response to Congressional mandates related to local and regional food; and to increase the transparency and effectiveness of existing programs. Through this initiative, we have been able to bring information to farmers, ranchers, food businesses, academics and non-profits about USDA's loan and grant programs and how they can support regional and local food systems, including in urban areas.

Ms. Kaptur: Does USDA's budget request include any funding for supporting urban greenhouse initiatives?

Response: While USDA does not have any one program that is specifically dedicated to "urban greenhouse initiatives," a variety of programs have components that can support these types of projects. For example, NRCS' Environmental Quality Incentives Program has provided a pilot program that provided cost-share support for the construction of high tunnels (hoop houses). As of 2012, the pilot program has been converted to a permanent national offering. Urban applicants who meet eligibility requirements in line with NRCS' conservation mission have received this cost-share support in the past.

The 2013 budget also includes funding for the Rural Energy for America Program and the Value Added Producer Grant program, both of which have the capability to support greenhouse projects. NIFA's Sustainable Agriculture Research and Education program has in the past supported research into high-value greenhouse production and SARE grants are available to urban and peri-urban applicants.

AMS grant programs, including the Farmers Market Promotion Program (FMPP), Federal-State Marketing Improvement Program, or Specialty Crop Block Grants (SCBG) could be used to support efforts to develop urban greenhouses. Funding for FMPP and SCBG grants was provided by the 2008 Farm Bill; funding for 2013 is subject to reauthorization in the next Farm Bill.

Ms. Kaptur: What programs does USDA use to fund urban agriculture projects?

Response: USDA has many programs which have an impact on farmers and producers in urban areas and support urban communities. Through the Urban and Community Forestry Program under USDA's Forest Service, cities are growing and harvesting orchards in public spaces. NRCS' Environmental Quality Incentives Program provides cost-share support for high tunnels, or hoop houses, and several of these high tunnels have been built in urban areas.

NIFA has several programs that can support urban agriculture. Community Food Projects support low-income communities in meeting their food needs, including the development of urban gardens. NIFA's Beginning Farmer and Rancher Development Program supports training for beginning producers, including some in urban areas. The Sustainable Agriculture Research and Education Program provides grants to support a variety of projects, including urban and peri-urban agriculture. Finally, the Small Business Innovation Research Program supports research and development for innovative small food and farming businesses, which can include producers in urban areas.

Rural Development also has programs that can support urban agriculture. In 2011, USDA expanded the eligibility requirements for agricultural producers under the Rural Energy for America Program to include producers in urban areas. Also under Rural Development, the Business and Industry Guaranteed Loan (B&I) program can be used in urban areas for projects that support local food and serve an area with limited access to affordably, healthy foods and have a high rate of hunger or food insecurity or a high poverty rate, and in particular when the project is proven to provide a benefit to rural areas. The Value Added Producer Grant program, which can be used to develop producer-owned businesses which add value to agricultural commodities, is available for urban applicants.

We have also funded urban agriculture projects through AMS's FMPP and SCBG programs. FMPP Grants involving urban agriculture include:

- Florida - Roots in the City, Inc., Miami, FL, to expand and enhance its existing EBT program: 1) to plant an urban garden that will supplement product supply at the Overtown Farmers Market; 2) allow the market to extend its hours; 3) expand the growing capacity; 4) purchase growing supplies and materials and 5) add a part-time horticulturist and additional staff.
- Kansas - Kansas City Center for Urban Agriculture, Kansas City, KS, to provide training and business development support for refugees and low-income families, and to develop the Juniper Garden Farmers Market and other markets for urban growers in low-income neighborhoods in Kansas City.
- Missouri - Missouri River Communities Network, Columbia, MO, for the development of an urban farm and an on-site farmers market and other local sales outlets which will serve as an economic, educational, and cultural centerpiece for a mid- to low-income community.
- Wisconsin - Growing Power, Inc., Milwaukee, WI, to implement a commercial urban agriculture training program designed to train and mentor urban, peri-urban, and rural farmers, to improve their profitability and increase low-income consumers' access to healthy, nutritious, and locally produced food.

Specialty Crop Block Grants involving urban agriculture include:

- District of Columbia - Partner with College of Agriculture, Urban Sustainability and Environmental Sciences in city-wide education, training and recreational activities to increase the scale of urban specialty crop production, distribution and use in food preparation.
- West Virginia - Urban Farmer Training Center - Partner with the East Wheeling Community Gardens to expand its education and outreach program to low-income and at-risk youth to include strategic producer training, which will demonstrate the viability of innovative urban agriculture.

- Nebraska - Young Urban Farmers - Partner with Community CROPS to provide educational opportunities that are derived from first-hand experience to youth to develop skills involved with planning, growing, and selling specialty crops.

Ms. Kaptur: Is USDA developing or implementing any plans to connect agricultural processors to urban growers?

Response: USDA has recognized a shortage of processing facilities for urban growers. We have promoted programs that support the development of new processing facilities, which can help connect agricultural processors to urban growers. For example, in Toledo, OH, the Center for Innovative Food Technology used Specialty Crop Block Grant funding to connect beginning specialty crop growers from urban minority communities to retail grocers and produce distributors. The Center is also expanding its freezing and processing capacity to preserve specialty crops for year-round sale.

USDA is also working to help develop food hubs, which offer sound infrastructure support to producers across the country and help build a stronger regional food system. Many producers, especially small and medium sized growers, face significant challenges when it comes to aggregation, distribution, processing, storage, and marketing. Food hubs provide a variety of services as a central coordinator of supply chain logistics. For instance, food hubs can:

- aggregate local produce from many small farmers into orders to satisfy the requirements of large buyers for source-identified locally and regionally grown food,
- prepare and process regional foods specifically for institutional buyers like schools and hospitals,
- increase access to fresh healthy foods by widening the distribution opportunities for many small and midsize producers, and
- develop group branding and certification schemes that add immediate value to the products being sold and provide a level of food integrity expected by buyers and their customer base.

Ms. Kaptur: Is USDA developing or implementing any plans to connect urban agricultural processors to rural farmers?

Response: USDA has recognized a shortage of processing facilities for urban growers and has promoted programs that support the development of new processing facilities. These can connect urban agricultural processors to rural growers. These programs span several USDA agencies, and include the Farmers Market Promotion Program and Specialty Crop Block Grant program under the Agricultural Marketing Service, and the Rural Business Enterprise Grant Program under Rural Development.

For example, FamilyFarmed.org in Illinois used a Specialty Crop Block Grant to create a business plan for a pack house located in Central Illinois that aggregates, stores, markets, and distributes specialty crop products from area farms to Illinois wholesale buyers, and to establish a network of Illinois fruit and vegetable growers committed to scaling up production for this market.

USDA's food hub work also helps connect processors and local producers. For example, AMS works closely with Detroit's Eastern Market, which functions in part as a hub to aggregate products from local producers. Last year, Eastern Market connected a Michigan tortilla maker with Michigan corn growers, providing new marketing opportunities and strengthening the local food system. AMS recently entered into a cooperative research agreement with Eastern Market to expand their marketing activities.

FARM LOANS

Ms. Kaptur: What percent of Farm Operating Loans are awarded to farmers and producers in urban areas in FY 11, FY 10 and FY 09?

Response: FSA does not track loans based on whether the farm is in an urban or rural setting; FSA loans are available to farmers regardless of the farm's location. FSA is aware of the increasing opportunities for agriculture in urban areas and is committed to use all its authorities to support and assist urban producers. In particular, FSA farm loan staff members are actively reaching out to community based organizations (CBOs) and interest groups to assure that urban farmers and potential urban farmers are aware of FSA farm loan programs.

Ms. Kaptur: What percent of Farm Ownership Loans are awarded to farmers and producers in urban areas in FY 11, FY 10 and FY 09?

Response: As stated previously, FSA does not track loans based on whether the farm is in an urban or rural setting; FSA loans are available to farmers regardless of the farm's location.

Ms. Kaptur: Of the Farm Operating Loans made in Ohio, how many went to farmers and producers in urban areas and what was there dollar value in FY 11?

Response: As stated previously, FSA does not track loans based on whether the farm is in an urban or rural setting; FSA loans are available to farmers regardless of the farm's location. However, following is a table that shows both the number and dollar amount of Farm Operating loans made in Ohio.

[The information follows:]

Ohio Farm Operating Loans	FY 2011 Actual Loans Obligated	FY 2011 Actual Loan Levels (\$000)
Direct Farm Operating	191	\$6,747
Guaranteed Farm Operating	190	22,345
Total Loan Levels for Ohio	381	29,092

Ms. Kaptur: Of the Farm Ownership Loan made in Ohio, how many went to farmers and producers in urban areas and what was there dollar value in FY 11?

Response: As stated previously, FSA does not track loans based on whether the farm is in an urban or rural setting; FSA loans are available to farmers regardless of the farm's location. However, following is a table that shows both the number and dollar amount of Farm Ownership loans made in Ohio.

[The information follows:]

Ohio Farm Ownership Loans	FY 2011 Actual Loans Obligated	FY 2011 Actual Loan Levels (\$000)
Direct Farm Ownership	125	\$15,423
Guaranteed Farm Ownership	772	199,136
Total Loan Levels for Ohio	897	214,559

Ms. Kaptur: How many Farm Ownership and Farm Operating Loans were made in Toledo, OH and Cleveland, OH and what was there dollar value in FY 11, FY 10, FY 09?

Response: A manual review was performed in Ohio and determined that FSA has not made any loans within the city limits of Toledo or Cleveland for fiscal years 2009 through 2011.

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